



Capital for Communities –
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February 7, 2025

Ms. Susan Suckfiel
Bond Guarantee Program Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Re: Comments on the CDFI Bond Guarantee Program (BGP) Information Collections (OMB Number: 1559-0044)

Dear Ms. Suckfiel:

Community Reinvestment Fund, USA (CRF) and Opportunity Finance Network (OFN), as the two principal and long-standing Qualified Issuers (QIs) of the CDFI Bond Guarantee Program (BGP), appreciate the opportunity to provide comments on the BGP Information Collections. This letter reflects our collective insights and the experiences of participating Eligible Community Development Financial Institutions (ECDFIs) that have utilized BGP financing to drive transformative community impact.

Since its inception, the CDFI Bond Guarantee Program has guaranteed nearly \$3 billion in bonds, playing a pivotal role in providing long-term, fixed-rate capital for ECDFIs. The BGP has enabled ECDFIs to address persistent capital gaps and finance projects that promote economic revitalization, including affordable housing, charter schools, community infrastructure, commercial real estate, childcare facilities, senior living facilities, charter schools, healthcare, and small businesses, all without requiring annual appropriations. As of FY 2024, a total of 23 CDFI Bonds have been issued and the proceeds from the sale of these Bonds were used to make Bond Loans to 32 ECDFIs, 14 of which have received more than one Bond Loan.

As the two long-standing QIs, CRF and OFN submit this comment letter to underscore our commitment to this program and its mission. To date, CRF and OFN have collectively issued \$2.215 billion, supporting 46 Bond Loans to 29 different CDFIs, all with a zero-default record. These investments have fueled economic growth, expanded access to



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essential community goods and services, and strengthened the financial capacity of ECDFIs to serve communities.

- CRF, as the first QI selected in 2013, has issued 17 Bonds totaling \$1.465 billion on behalf of 9 ECDFIs.
- OFN has issued 29 Bonds totaling \$855 million further advancing the program's mission of fostering economic opportunity and sustainable growth.

BGP exemplifies the power of CDFIs to address persistent capital gaps. Its design, leveraging federal credit authority without requiring annual appropriations, has enabled ECDFIs to scale their lending capacity, reach markets, and support impactful economic development while maintaining financial sustainability and rigor.

We appreciate the CDFI Fund for its responsiveness to prior feedback provided by QIs and ECDFIs, demonstrating their commitment to stakeholder engagement and program improvement. Notable changes include establishing a standardized Trust Estate Account for Principal Collateral Loss Position (PCLP), which has streamlined collateral substitutions and reduced administrative burdens for ECDFIs. Additionally, the update to B-ID-6G: Management Biographies, now titled "Management Information," more accurately reflects the depth of detail required in Guarantee Applications.

This letter builds on prior feedback and identifies opportunities to clarify and improve the Fund's information collection and offering targeted recommendations to enhance the BGP's accessibility, scalability, and efficiency. Our comments focus on specific forms and key areas where refinements can improve clarity, reduce administrative burden, and better align reporting requirements. These insights are informed by the extensive experience of CRF and OFN as QIs and the direct engagement of ECDFIs that have leveraged BGP financing to drive transformative community impact.

Our comments are structured by report type:



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I. *Guarantee Application*

The Guarantee Application plays a critical role in ensuring that QIs and ECDFIs demonstrate the capacity, expertise, and alignment with the CDFI BGP's objectives. However, certain sections could be improved to reduce applicant burden, increase clarity, and enhance the program's accessibility.

Our comments on the Guarantee Application are divided into Application Timing & Process Improvements and Technical Application Fixes as themes:

Application Timing & Process Improvements:

We request that the CDFI Fund establish a consistent application release date in January each year to ensure a more effective and efficient process.

The Guarantee Application is a comprehensive and thorough document that requires extensive data collection and documentation. The preparation of an application for submission involves a significant amount of time and staff resources too. We believe the current 60-day turnaround time is insufficient to prepare accurate, quality applications that facilitate the Fund's review and underwriting process.

QIs must begin outreach and educating CDFIs about the BGP well in advance of the Notice of Guarantee Authority, including conducting eligibility screenings, securing Letters of Interest, and gathering application materials. Without a predictable timeline, meeting the application deadline is extremely difficult. A consistent annual release and/or continual acceptance of Guarantee Applications on a rolling basis would allow QIs and ECDFIs to ensure a smoother submission for the CDFI Fund's review.

Technical Application Fixes:

- **B-ID-9B-Pipeline (History):** Currently, the ECDFI Application instructions lack sufficient guidance on the B-ID-9B Pipeline (History) template, making it difficult for applicants to navigate submission requirements.



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We recommend:

- Explicitly reference the B-ID-9B Excel workbook in the PDF Guarantee Application Instruction manual to ensure applicants understand this requirement and **improve clarity and usability**.
- Remove B-ID-9I-Cumulative Financing Transactions because this information is already captured in B-ID-9B Pipeline (History).
- **9H-Loan Portfolio by Risk Rating and Loan Loss Reserve:** Applicants must submit risk rating policies and procedures in an Excel format, which creates inefficiencies due to the significant amount of copying and pasting required. This impedes effective review by QIs and the CDFI Fund when assessing the credit quality of ECDFIs.

We recommend:

- Allow PDF Submissions in addition to Excel, which would reduce the manual burden.

Allowing CDFIs to submit their board-approved risk rating policy directly as a PDF would ensure clarity and **minimize unnecessary reformatting efforts**.

II. *Secondary Loan Requirements Certification*

The Secondary Loan Requirements Certification establishes eligibility, collateral, and compliance standards for loans under the CDFI BGP. This section includes a review of the related documents—[Secondary Loan Requirements Certification](#), [Underwriting Review Checklist](#), and [Secondary Loan General Requirements](#).

We suggest the following refinements by category:

Loan-to-Value (LTV) Requirements:

The LTV requirements for real estate backed loans are currently at a max of 80%. This max fails to reflect market realities for certain high-performing secure asset classes. Loans in



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the Multifamily Affordable Housing (MFAH) Rental Housing asset class with Low-Income Housing Tax Credits (LIHTC) have a risk profile that justifies a max 90% LTV requirement.

We recommend:

- Add Asset Class-Specific LTV Adjustment: Increase the LTV threshold from 80% to 90% for MFAH Rental Housing to reflect the risk profile of these secure asset classes.
- Provide Asset Class Guidance: Include examples or thresholds for acceptable LTV adjustments in the certification instructions to ensure **clarity and consistency**.

Aligning LTV requirements with market conditions ensures the information collected is relevant and effectively evaluates loan security.

Participation Loans – Allow for Eligibility and Guidelines:

Current guidance lacks clarity on the eligibility of participation loans as collateral for Secondary Loans. This omission creates inefficiencies and increases costs for ECDFIs. Participation loans are a common practice among CDFIs and banks and can simplify loan servicing compared to co-lending structures.

We recommend:

- Define Participation Loan Eligibility: Provide clear criteria for what constitutes an eligible participation loan, including requirements for a valid participation, direct borrower payment access, and appropriate servicing documentation. This will expand opportunities to serve Secondary Borrowers while **reducing administrative burden and costs** through single loan servicing and efficient payment tracking.
- Streamline Loan Servicing for Participation Loans: Adopt guidelines explicitly allowing a single servicing structure for participation loans to **reduce administrative burden and improve efficiency** for both ECDFIs and Secondary Borrowers, compared to the more cumbersome co-lending model.
- Enable Collateral Substitutions for Participation Loans: Clarify that participation loans can be pledged as collateral for Collateral Substitutions, providing greater flexibility as loans mature or are repaid. This would allow ECDFIs to leverage existing loans within their portfolios, enhancing liquidity and strengthening Secondary Loan Receivables for Bond Loan repayment.



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Defining and streamlining participation loan requirements **improves the clarity and utility of collected information** while minimizing respondent burden, particularly for smaller CDFIs with limited capacity.

III. *Financial Condition Monitoring Report*

The Financial Condition Monitoring Report (FCM) requirements can create duplicative tasks for both participants and the CDFI Fund, particularly for institutions with a historical track record, which we define as “Performing ECDFIs” below.

The following recommendations aim to reduce administrative burdens while ensuring the Fund continues to collect information necessary for effective oversight.

Attestation & Reporting Requirements:

The FCM requires two signatures to ensure ECDFI accountability, one signature from the ECDFI’s CEO/CFO and a second from a designated ECDFI officer. In addition, ECDFIs must submit quarterly financial attestations certifying the accuracy of submitted financials. This additional attestation is redundant, as ECDFIs are already held accountable through their signed loan agreements and other BGP compliance requirements.

We recommend removing the Quarterly Financial Attestation Requirement because the existing dual-signature process is sufficient to ensure ECDFI compliance. Eliminating this step **reduces administrative burdens** without compromising Fund portfolio management duties.

Reporting Frequency for Performing ECDFIs:

All ECDFIs, regardless of their performance history, are required to submit FCM reports and related financial documents quarterly. This approach does not account for the proven compliance records of ECDFIs.

We recommend that *Performing ECDFIs*, defined below, be allowed to submit FCM reports on a semi-annual basis instead of quarterly. Shifting to semi-annual reporting **would cut down on administrative costs for both ECDFIs and the CDFI Fund**, including time spent on data collection, verification, and submission.



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To be considered a ‘Performing ECDFI,’ the CDFI Fund would require that an ECDFI satisfy the following criteria:

- Complete its draw period;
- Maintain timely and accurate reporting showing no performance concerns;
- Ensure its pledged loan portfolio is performing;
- Remain current on Bond Loan repayments; and
- Demonstrate strong financial performance and maintain Financial Covenant Calculations.

Newer participants or those flagged for risk-related concerns should continue to submit quarterly reports until they demonstrate a track record of performance with the BGP.

IV. *Pledged Loan Monitoring Report*

The Pledged Loan Monitoring (PLM) Report is essential for tracking the collateral pledged under the BGP. However, unnecessary fields create inefficiencies for ECDFIs.

For example, many columns in the PLM require “NA” (Not Applicable) responses, specifically in sections related to co-borrower information or asset descriptions. These fields do not apply to any loans, making their inclusion unnecessary.

We recommend removing NA columns and redundant fields that do not apply to all loans, such as Secondary Co-Borrower Information (Lines 11k–11t) which are always unnecessary if there is no co-borrower.

By removing irrelevant fields, the remaining data will be more focused and meaningful, **enhancing the quality and clarity of info collected** by the Fund.

V. *Tertiary Loan Monitoring Report*

The Tertiary Loan Monitoring Report (TLM) contains the greatest concentration of comments and feedback, in part due to the February 29, 2025, expiration. While the



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template and instructions are detailed, specific enhancements could reduce reporting burdens and improve compliance monitoring, particularly for asset classes outside of Owner-Occupied Residential Mortgages and for other eligible collateral beyond Real Estate.

Feedback and recommendations in this section are organized by the tabbed section.

Data Template Tab:

The Collateral Type (Column Q) dropdown currently provides only three options: 1) Commercial Real Estate, 2) Multi-Family, and 3) Owner-Occupied Homes. However, Tertiary Loans may be pledged with any form of eligible collateral per the Secondary Loan Requirements.

We recommend:

- Expand the Collateral Types Options: Update the dropdown options to include all eligible collateral types consistent with the Secondary Loan Requirements, such as:
 - Real Estate
 - Leasehold Interests
 - Machinery, Equipment, and Movables
 - Cash and Cash Equivalents
 - Accounts Receivable
 - Letters of Credit
 - Inventory
 - Fixtures
 - Contracted Revenue Streams
 - Principal Loss Collateral Provision

The TLM template also lacks a dedicated column to indicate the asset class, which is necessary to determine eligibility, compliance, and track portfolio concentration in the Updated Capital Distribution Report.

We recommend:



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- Add Asset Class Column to explicitly identify asset type for each tertiary loan, aligning with the Fund’s eligibility criteria.

Adding this column eliminates ambiguity, improving report **accuracy and clarity**.

Instructions Tab:

The following recommendations relate to content shared within the Instructions Tab of the TLM but will also reflect their specific referencing Tab.

Data Template:

Address Fields for Small Business Loans:

- Items H and I, Address 1, and Address 2: For small business loans that are made to individuals, please clarify if address information should be left blank. The current guidance requires these fields to be blank for owner-occupied home mortgages.

Loan Financing Structure Definitions:

- Item AC, Loan Financing Structure Type: Provide additional details in the definitions for *Origination*, *Refinance – Origination* and *Refinance – Acquisition* to ensure ECDFIs understand the distinguishing differences for each option.

The Loan Financing Structure Definition also applies to the PLM Report.

Insert Calculated Field for Current LTV:

- Item AN, Current LTV: The guidance states: “Enter Current Loan to Value of this loan.” We recommend defining this calculation as *Column T* divided by *Column AM* and formatting it as a calculated field.

Providing clearer instructions and automating calculations enhances the template’s **utility and minimizes burden through technology**.

- Loans Dropped from Prior Month:

Address Fields for Small Business Loans:



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- Items F and G, Address 1, and Address 2: For small business loans that are made to individuals, please clarify if address information should be left blank. The current guidance requires these fields to be blank for owner-occupied home mortgages.

Reason for Loan Drop Drop-down:

- Item K: Reason for Drop: We recommend making this a standard drop-down menu with the following categories:
 - Paid off
 - Non-performing
 - Other

Secondary Loan OC Calculation:

Programmed Link for Tertiary Loans Unpaid Principal Balances:

- Item D7, Tertiary Loans Unpaid Principal Balances (a): The guidance currently states: “Enter the total sum of all current pledged tertiary loan balances from column T from the 'Data Template' tab.”

We recommend a programmed link from the sum of unpaid balances from the ‘Data Template’ tab to Item D7, Tertiary Loans Unpaid Principal Balances (a), on the ‘Secondary Loans OC Calculation’ tab.

A programmed link between these two identical cells will lead to **fewer errors and report revisions.**

Reporting of Cash Held in Lieu of Tertiary Loans:

- Item D8, Cash held in lieu of Tertiary Loans (b): The guidance currently states, “Enter the amount from the 'Restricted Account' balance used to fulfill OC amount, if needed. If no funds were used to fulfill OC, then list as \$0.”

We recommend reporting Item D8 in alignment with the Bond Loan Overcollateralization Test (OC Test), in which all Required Overcollateralization Account (ROCA) funds that are in the account at the reporting period end date are included in the Bond Loan OC Test calculation.



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All ROCA accounts are pledged to the BGP; therefore, all cash in the account should be considered collateral until ECDFIs withdraw excess cash by submitting a collateral release request. This ensures consistency across all ECDFI participants and provides a complete picture of pledged collateral (loans and cash), improving transparency for approving Net Excess Spread releases.

VI. *Annual Assessment Report*

The Annual Assessment Report (AAR) is a compliance document that refreshes portfolio management and operational capacity of ECDFIs participating in the BGP; however, the process imposes significant administrative burden with limited impact to how each portfolio management task(s) are executed on.

Our comments on the AAR are divided into Assessment Frequency for Performing ECDFIs and Standardize and Streamline AAR Submission & Template as themes:

Assessment Frequency for Performing ECDFIs:

ECDFIs face unnecessary and significant administrative burdens and costs from annual assessments, despite having a proven record of compliance and financial strength. The benefit versus cost of this exercise needs to be assessed by the Fund.

We recommend reducing the AAR frequency to a triennial (every three years) cycle for Performing ECDFIs to alleviate the administrative burdens of the ECDFI without compromising oversight.

As outlined earlier under the FCM Report section (see page 6-7), we propose that the CDFI Fund define a 'Performing ECDFI' to be an ECDFI satisfies the following criteria:

- Complete its draw period;
- Maintain timely and accurate reporting showing no performance concerns;
- Ensure its pledged loan portfolio is performing;
- Remain current on Bond Loan repayments; and
- Demonstrate strong financial performance and maintain Financial Covenant Calculations.



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Newer participants or those flagged for risk-related concerns should continue to submit annual assessments until they demonstrate the requisite track record. We recommend delegated authority be provided to the CDFI Fund Bond Guarantee Program to require or waive the AAR requirement.

Furthermore, the CDFI Fund already receives extensive reporting beyond the AAR that ensures financial stability and program compliance, making an annual AAR unnecessary for Performing ECDFIs. These existing oversight mechanisms include:

- Monthly Reports on the performance of the pledged loan portfolio
- Financial Condition Monitoring Reports (FCMs)
- Financial Covenant Calculations
- Certificates of No Default and Overcollateralization Compliance Reports
- Annual Independent Audits
- Bond Loan Agreement Reporting Requirements, including Material Event Notifications

Per the following sections of each ECDFI's Bond Loan Agreement, the CDFI Fund has the ability to request information from an ECDFI at any time, and an ECDFI must proactively notify the Fund of any Material Event that could impact its financial or operational status.

Relevant Sections from the **Bond Loan Agreement** include, but are not limited to¹:

- Section 5.1 Information Reporting
- Section 5.4 Advise the Lender and CDFI Fund of Material Events
- Section 5.13 Financial Covenants and Additional Debt

By aligning oversight with existing reporting obligations, the Fund can optimize its resources while allowing ECDFIs to allocate more capacity toward impactful lending.

¹ Per Sections 5.1, 5.4, and 5.13 of the [BGP Bond Loan Agreement](#)

5.1: sub. (f), (i), (k)

5.4: sub. (a), (d), (f), (i), (g), (k), (l), (o), (s), (t)

5.13: sub. (a)



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Standardize and Streamline AAR Submission & Template:

The timing and format of AARs can be improved to reduce duplicative tasks.

Currently, the CDFI Fund begins annual review calls within 90 days of an ECDFI's Fiscal Year End (FYE). Before these calls, ECDFIs receive an extensive list of questions and are given only about a week to compile responses across multiple departments. This process often overlaps with the completion of annual audits, adding significant administrative strain. Additionally, these calls occur on top of the already required AAR, further increasing administrative strain.

The timing of these calls and this information could be streamlined to provide all the information the CDFI Fund requires for their annual review with the Annual Assessments.

Specifically, we recommend:

- Align AAR timing and structure with the Fund's review process to prevent redundant requests and reduce overlap with audit finalizations.
- Modify the AAR template to integrate commonly requested financial and portfolio metrics upfront, ensuring the Fund has necessary data without requiring separate inquiries.

As the number of Bond Loans increases, it is essential to ensure compliance processes are not duplicative. Instead, refining tasks such as the AAR and structuring follow-up questions more effectively can improve response times and align with the Fund's goals of fostering an efficient, effective, and impactful program.

VII. *Secondary Loan Commitment Form*

The Secondary Loan Commitment Form is a critical compliance document that tracks the allocation of Bond Loan proceeds to eligible secondary loans, ensuring alignment with the BGP commitment test requirements. ECDFIs must certify that reported secondary loans meet program guidelines, but the current structure lacks consistency with other BGP reporting templates, creating inefficiencies in submission and review.

To improve clarity and streamline reporting, we recommend:



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- Add Standardized Instructions: Include a detailed instructions tab within the Excel template to ensure uniform guidance for all users, replacing the need for separate email clarifications.
- Consolidate Certification into the Template: Integrate the Secondary Loan Certification signature page directly within the Excel workbook, rather than as a standalone Word document.

These refinements improve alignment with other BGP reporting requirements, such as the PLM and FCM Reports, ensuring consistency across compliance documentation while reducing administrative burden on ECDFIs.

Conclusion

We believe the recommendations outlined in this letter will help the CDFI Fund strengthen the Bond Guarantee Program (BGP) by implementing more efficient and effective protocols. These refinements will enhance the program's ability to track progress toward policy goals while reducing administrative burdens on both the Fund and participants and ensure strong financial performance and monitoring.

The strength and impacts of the BGP are undeniable. This innovative financing tool has provided ECDFIs with access to stable, affordable, long-term fixed rate capital, enabling them to address critical financing gaps, expand their reach into the communities they serve, and support a wide range of transformative, high-impact economic development projects. Because the program leverages federal credit authority rather than relying on annual appropriations, it offers a predictable and sustainable financing model. This stability has allowed participating ECDFIs to strengthen their capacity, scale their lending operations, and develop long-term strategies to serve a broader range of borrowers and asset classes.

While this letter focuses on BGP information collection requirements, there are broader programmatic and administrative barriers that limit the program's scalability, deter participation from smaller CDFIs, and, in some cases, constrain the ability of larger CDFIs to fully utilize BGP financing. Based on our BGP experience as seasoned QIs, we are eager to work with the CDFI Fund to address and/or eliminate some of these barriers, while protecting program integrity. With eleven years of performance data available, we encourage the Fund to consider adjusting several program policies and procedures, including collateral requirements, over-collateralization requirements, credit metric



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thresholds to acknowledge the track record and performance of each ECDFI rather than applying them uniformly to all ECDFIs.

Since the first Bond was issued in 2013, QIs and ECDFIs have developed rigorous best practices that should inform how the CDFI Fund evaluates risk, concentration and/or the adoption of new products and financial structures. We look forward to engaging with the Fund to discuss these issues and the continued evolution and modernization of the BGP.

CRF and OFN remain committed to working with the CDFI Fund to implement these recommendations. The progress made through past revisions demonstrates the Fund's dedication to refining the program to better serve its participants and expand its impact.

By continuing to modernize and enhance the BGP, the CDFI Fund can ensure the program remains a vital and sustainable source of long-term, fixed-rate financing for ECDFIs.

We appreciate the CDFI Fund's time and consideration of these comments and look forward to supporting ongoing efforts to strengthen and expand this valuable program.

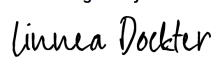
Sincerely,

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