

November 4, 2020

Ms. Jodie Harris
Director
Community Development Financial Institutions Fund
U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

RE: Proposed CDFI Certification Application and Reports

Dear Director Harris:

The undersigned trade associations and intermediaries write to express our strong concern about the direction and complexity of the proposed new Community Development Financial Institution (CDFI) Certification Application, Annual Certification and Data Collection Report (ACR), and new Certification Transaction Level Report (CTLR). Each of the undersigned organizations will submit a separate letter outlining its individual observations and concerns.

We share the CDFI Fund's desire to ensure CDFI certification evolves to reflect changes in the industry and safeguard government resources. We have great respect for the CDFI Fund and its staff. We appreciate the hard work they do to support the CDFI industry and our clients every single day. We fully understand the formal rulemaking requirements that the CDFI Fund must follow as part of a Federal agency.

We support updating the CDFI certification process and reporting, and believe that the task is exceptionally consequential for the future of the CDFI industry. We are concerned, however, that the CDFI Fund is on a path to create a set of standards and reporting that are too complex and rigid. These well-intentioned steps may have the unintended consequence of screening out a large portion of current CDFIs and discouraging small and new organizations from seeking certification.

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 of 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.

In addition, to the issues raised above, we also recommend the CDFI Fund's review and improvement of certification and reporting include gathering information that will sharpen its ability to assess the

performance of the Fund and CDFIs with regard to serving communities of color, recognizing that there are certain legal and regulatory limitations on collection of such data.

We appreciate the opportunity to provide feedback in order to maximize the effectiveness of the CDFI Fund's programs for the benefit of the most underserved communities in the nation.

We look forward to future discussion on these important issues.

Thank you for considering our request.

*African American Alliance of CDFI CEOs
301 East Pine Street
Orlando, FL 32801*

*Association for Enterprise Opportunity
1310 L Street NW, Suite 830
Washington, D.C. 20005*

*Coalition of Community Development Financial Institutions
1155 15th Street NW, Suite 400
Washington, D.C. 20005*

*Community Development Bankers Association
1444 I Street NW, Suite 201
Washington, D.C. 20005*

*Community Development Venture Capital Alliance
475 Riverside Drive, Suite 1264
New York, NY 10115*

*Inclusiv
39 Broadway, Suite 2140
New York, NY 10006*

*National Community Investment Fund
135 S. La Salle Suite 3025
Chicago, IL 60603*

*Native CDFI Network
PO Box 77206
Washington, DC 20013*

*Opportunity Finance Network
901 D Street SW
Washington, D.C. 20024*

cc:

Mr. Greg Bischak, Program Manager, Financial Strategies and Research

Ms. Tanya McInnis, Program Manager, Certification, Compliance Monitoring & Evaluation

Mr. Jeff Merkowitz, Senior Advisor

Ms. Marcia Sigal, Deputy Director for Programs and Policy