

GUIDANCE

FINANCIAL STRATEGY AND RESEARCH



PRE-APPROVED TARGET MARKET ASSESSMENT METHODOLOGIES

GUIDANCE FOR DETERMINING
TARGET MARKET TYPE FOR
ASSESSING TARGET MARKET
ACTIVITY AND
ACCOUNTABILITY

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Pre-Approved Target Market Assessment Methodologies
Guidance for Determining Target Market Type for Assessing Target Market Activity and
Accountability
September 2024

PURPOSE

To be a Certified CDFI, an entity must demonstrate that it serves at least one eligible Target Market (either an Investment Area or a Targeted Population). In addition, it must direct at least 60% of both the number and dollar volume of arm’s-length, on-balance sheet Financial Products or Financial Services (if applicable) to one or more eligible Target Market components (i.e., an Investment Area [IA], Low-Income Targeted Population [LITP], or Other Targeted Population [OTP]). The benchmarks must be met without any rounding of decimal points. Applicants and Certified CDFIs must use an approved Target Market assessment methodology to assess whether the recipients of their Financial Products or Financial Services are members of a proposed or pre-approved Target Market component.

This document presents the CDFI Fund’s pre-approved Target Market assessment methodologies that entities applying for CDFI Certification under the CDFI Certification Application published in December 2023 (and in any subsequent Annual Certification and Data Collection Report¹ [ACR]) may use and rely upon to demonstrate whether their Financial Products, depository accounts, board members, and/or Credit Union members meet the Target Market criteria. Applicants and Certified CDFIs must identify the methodologies that they used or intend to use for each of their Target Market components by selecting from the options in a drop-down menu of the methodology list in the Certification Application and ACR. An entity does not have to use every methodology listed for a Target Market type, but it must use at least one from the list.

Applicants may request separate approval of a methodology not previously approved by the CDFI Fund. Applicants that seek to use a Target Market assessment methodology other than one that appears on this list must seek approval of the methodology through a section at the beginning of the Certification Application or ACR prior to submitting a completed Application or ACR. The CDFI Fund will update this list as appropriate to reflect any newly approved methodologies so that these may be available to all Applicants and Certified CDFIs.

All Target Market assessment methodologies—whether from the list of approved methodologies or allowed to present separately—must be used exactly as prescribed unless and until modification of the process is authorized by the CDFI Fund. Failure to use an approved

¹ The ACR reference here pertains to the updated version of the ACR being released in December 2023; this version of the ACR will not be in effect until a new Certification Applicant completes the Certification Application published in December 2023 and becomes a Certified CDFI and/or a Certified CDFI completes the Certification Application published in December 2023 and retains its CDFI Certification.

assessment methodology (or maintain required documentation) may result in the termination of a Certified CDFI's Certification.

TARGET MARKET

An entity's Target Market can be composed of one or more of the following Target Market components listed in this section under "Investment Area" and "Targeted Population."

- Investment Area – An Investment Area meets at least one of the following economic distress criteria and has significant unmet needs for Financial Products and Services; or it is wholly located within an Empowerment Zone or Enterprise Community (as designated under Section 1391 of the Internal Revenue Code of 1986 [26 U.S.C. 1391]).

Economic Distress Criteria:

- Poverty rate greater than 20%;
- Median family income (MFI) at 80% or below specific MFI benchmarks; or
- Unemployment rate 1.5 times the national average.

Targeted Population – "Targeted Population" is defined as individuals, or an identifiable group of individuals, who are Low-Income or lack adequate access to Financial Products or Financial Services. The Targeted Population is specific to the individual borrowers whose socioeconomic characteristics are used to determine inclusion in the Target Market. The Applicant must use the CDFI Fund's approved Target Market assessment methodologies to demonstrate that it serves the Targeted Population.

- Low-Income Targeted Population – Individuals qualify as members of the Low-Income Targeted Population if their family income is:
 - for Metropolitan Areas,
 - 80% of the area median family income (adjusted for family size); or
 - for non-Metropolitan Areas, the greater of
 - 80% of the area median family income (adjusted for family size); or
 - 80% of the statewide non-Metropolitan Area median family income (adjusted for family size).
- Other Targeted Population – Other Targeted Populations currently recognized by the CDFI Fund are:
 - Other Targeted Population – African American.
 - Other Targeted Population – Hispanic.

- Other Targeted Population – Native American.
- Other Targeted Population – Native Alaskan.
- Other Targeted Population – Native Hawaiian.
- Other Targeted Population – Other Pacific Islander.
- Other Targeted Population – Filipino.
- Other Targeted Population – Vietnamese.
- Other Targeted Population – Persons with Disabilities.
- Other Targeted Population – Certified CDFIs.

TARGET MARKET TYPE: OTP-AFRICAN AMERICAN

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as African American.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as African American; or
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as African American.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as African American.

Pre-Approved Assessment Methodologies

- **OTP-AA.1: Self Report** – Individual, owner, or end user self-reports as African American.
- **OTP-AA.2: Visual/Surname** (Residential mortgage loans only) – If an individual chooses not to self-report, and the application is taken in person, and if the financing entity assesses the individual’s status as African American based on visual observation or surname for Home Mortgage Disclosure Act (HMDA) reporting purposes, that assessment may also be used for the purpose of determining the individual’s status as OTP-African American.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- For Target Market assessment purposes, the CDFI Fund relies on the definition for “African American” established by the 1997 Office of Management and Budget (OMB) standards on race and ethnicity ([62 FR 58782](#)), which is “a person having origins in any of the black racial groups of Africa.”

- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP even if they are part of the same family, household, or entity.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.
- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:
 - In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
 - An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
 - Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
 - For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR.

TARGET MARKET TYPE: OTP-HISPANIC

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Hispanic.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as Hispanic; or
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Hispanic.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Hispanic.

Pre-Approved Assessment Methodologies

- **OTP-Hisp.1: Self Report** – Individual, owner, or end user self-reports as Hispanic.
- **OTP-Hisp.2: Visual/Surname** (Residential mortgage loans only) – If an individual chooses not to self-report, and the application is taken in person, and if the financing entity assesses the individual’s status as Hispanic based on visual observation or surname for Home Mortgage Disclosure Act (HMDA) reporting purposes, that assessment may also be used for the purposes of determining the individual’s status as OTP-Hispanic.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- For Target Market assessment purposes, the CDFI Fund relies on the definition for “Hispanic” established by the 1997 Office of Management and Budget (OMB) standards on race and ethnicity ([62 FR 58782](#)), which is “a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.”

- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP even if they are part of the same family, household, or entity.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.
- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:
 - In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
 - An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
 - Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
- For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR.

TARGET MARKET TYPE: OTP-NATIVE AMERICAN

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Native American.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as Native American; or
 - at least 50% of the end-user recipients of the Financial Product transaction and/or Financial Services are assessed as Native American.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product transaction and/or Financial Services are assessed as Native American.

Pre-Approved Assessment Methodologies

- **OTP-Native American.1: Self Report** – Individual, owner, or end user self-reports as Native American.
- **OTP-Native American.2: Tribal Identification Verification** – Individual’s, owner’s, or end user’s status as Native American is confirmed via visual inspection of a government-issued or tribal government-issued photo identification or documentation as described below or other verification from the tribal entity.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- For Target Market assessment purposes, the CDFI Fund relies on the definition for “American Indian or Alaskan Native” established by the 1997 Office of Management and Budget (OMB) standards on race and ethnicity ([62 FR 58782](#)), which is “a person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.”

- Documentation of tribal affiliation or community attachment includes the following:
 - “(5)(i) Documentary evidence issued by a Federally recognized Indian Tribe identified in the FEDERAL REGISTER by the Bureau of Indian Affairs within the U.S. Department of the Interior, and including Tribes located in a State that has an international border, which—
 - (A) Identifies the Federally recognized Indian Tribe that issued the document;
 - (B) Identifies the [individual](#) by name; and
 - (C) Confirms the [individual](#)’s membership, enrollment, or affiliation with the Tribe.
 - “(ii) Documents described in [paragraph \(a\)\(5\)\(i\)](#) of this section include, but are not limited to:
 - (A) A Tribal enrollment card;
 - (B) A Certificate of Degree of Indian Blood;
 - (C) A Tribal census document;
 - (D) Documents on Tribal letterhead, issued under the signature of the appropriate Tribal official, that meet the requirements of [paragraph \(a\)\(5\)\(i\)](#) of this section.”²
- The form of documentation used for tribal identification of the individual/owner/end user should be noted for the record-keeping purposes by the CDFI or Applicant CDFI, but an actual copy of the documentation is not required by the CDFI Fund to be retained by the CDFI or Applicant CDFI.
- If there is any reason to doubt the authenticity of an identification card used to determine an individual’s status as a member of this OTP, the individual/owner/end user should not be counted as such using this method.
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP, even if they are part of the same family, household, or entity.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.
- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a

² [42 CFR § 435.407](#).

specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:

- In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
- An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
- Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
- For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR.

TARGET MARKET TYPE: OTP-NATIVE ALASKAN

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Native Alaskan.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as Native Alaskan; or
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Native Alaskan.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Native Alaskan.

Pre-Approved Assessment Methodologies

- **OTP-Native Alaskan.1: Self Report** – Individual, owner, or end user self-reports as Native Alaskan.
- **OTP-Native Alaskan.2: Tribal Identification Verification** – Individual’s, owner’s, or end user’s status as Native Alaskan is confirmed via visual inspection of a government-issued or tribal government-issued photo identification or documentation as described below or other verification from the tribal entity.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- For Target Market assessment purposes, the CDFI Fund relies on the definition for “American Indian or Alaskan Native” established by the 1997 Office of Management and Budget (OMB) standards on race and ethnicity ([62 FR 58782](#)), which is “a person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.”

- Documentation of tribal affiliation or community attachment includes the following:
 - “(5)(i) Documentary evidence issued by a Federally recognized Indian Tribe identified in the FEDERAL REGISTER by the Bureau of Indian Affairs within the U.S. Department of the Interior, and including Tribes located in a State that has an international border, which—
 - (A) Identifies the Federally recognized Indian Tribe that issued the document;
 - (B) Identifies the [individual](#) by name; and
 - (C) Confirms the [individual](#)’s membership, enrollment, or affiliation with the Tribe.
 - “(ii) Documents described in [paragraph \(a\)\(5\)\(i\)](#) of this section include, but are not limited to:
 - (A) A Tribal enrollment card;
 - (B) A Certificate of Degree of Indian Blood;
 - (C) A Tribal census document;
 - (D) Documents on Tribal letterhead, issued under the signature of the appropriate Tribal official, that meet the requirements of [paragraph \(a\)\(5\)\(i\)](#) of this section.”³
- The form of documentation used for tribal identification of the individual/owner/end user should be noted for the record-keeping purposes by the CDFI or Applicant CDFI, but an actual copy of the documentation is not required by the CDFI Fund to be retained by the CDFI or Applicant CDFI.
- If there is any reason to doubt the authenticity of an identification card used to determine an individual’s status as a member of this OTP, the individual/owner/end user should not be counted as such using this method.
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP, even if they are part of the same family, household, or entity.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.
- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:

³ [Ibid.](#)

- In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
- An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
- Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
- For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR.

TARGET MARKET TYPE: OTP-NATIVE HAWAIIAN

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Native Hawaiian.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as Native Hawaiian; or
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Native Hawaiian.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Native Hawaiian.

Pre-Approved Assessment Methodologies

- **OTP-Native Hawaiian.1: Self Report** – Individual, owner, or end user self-reports as Native Hawaiian.
- **OTP-Native Hawaiian.2: Origins Identification Verification** – Individual’s, owner’s, or end user’s status as Native Hawaiian is confirmed via visual inspection of a Hawaiian Registry Card.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- For Target Market assessment purposes, the CDFI Fund relies on the definition for “Native Hawaiian” established by the 1997 Office of Management and Budget (OMB) standards on race and ethnicity ([62 FR 58782](#)), which is “a person having origins in any of the original peoples of Hawaii.”
- The form of documentation used for origins identification of the individual/owner/end user should be noted for the record-keeping purposes by the CDFI or Applicant CDFI, but

an actual copy of the documentation is not required by the CDFI Fund to be retained by the CDFI or Applicant CDFI.

- If there is any reason to doubt the authenticity of the Hawaiian Registry Card used to determine an individual's status as a member of this OTP, the individual/owner/end user should not be counted as such using this method.
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP, even if they are part of the same family, household, or entity.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.
- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:
 - In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
 - An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
 - Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
 - For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the "Designated Target Market Type" data field on the TLR.

TARGET MARKET TYPE: OTP-OTHER PACIFIC ISLANDER

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Other Pacific Islander.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as Other Pacific Islander; or
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Other Pacific Islander.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Other Pacific Islander.

Pre-Approved Assessment Methodologies

- **OTP-Pacific Islander.1: Self Report** – Individual, owner, or recipient self-reports as Other Pacific Islander.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- For Target Market assessment purposes, the CDFI Fund relies on the definition for “Other Pacific Islander” established by the 1997 Office of Management and Budget (OMB) standards on race and ethnicity ([62 FR 58782](#)), which is “a person having origin in Guam, Samoa, or the Northern Mariana Islands that are identified as having Polynesian, Micronesian, or Melanesian origins.”
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP even if they are part of the same family, household, or entity.

- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.
- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:
 - In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
 - An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
 - Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
 - For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR.

TARGET MARKET TYPE: OTP-FILIPINO

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Filipino.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as Filipino; or
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Filipino.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Filipino.

Pre-Approved Assessment Methodologies

- **OTP-Filipino.1: Self Report** – Individual, owner, or end user self-reports as Filipino.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- “Filipino” is defined by the CDFI Fund as a person having origins in any of the original peoples of the Philippine Islands.
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP even if they are part of the same family, household, or entity.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.

- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:
 - In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
 - An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
 - Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
 - For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR.

TARGET MARKET TYPE: OTP-VIETNAMESE

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Vietnamese.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as Vietnamese; or
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Vietnamese.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as Vietnamese.

Pre-Approved Assessment Methodologies

- **OTP-Vietnamese.1: Self Report** – Individual, owner, or end user self-reports as Vietnamese.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- “Vietnamese” is defined by the CDFI Fund as a person having origins in any of original peoples of Vietnam.
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP even if they are part of the same family, household, or entity.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.

- A Financial Product and/or Financial Service for which the individual, business owner, or end-user recipients consist of different race and/or ethnicity OTPs (i.e., Hispanic, African American, Native American, Native Alaskan, Native Hawaiian, Other Pacific Islander, Filipino and/or Vietnamese) that together represent 50% or more of the individual, business owner, or end-user recipients can be designated as Target Market activity for a specific OTP category, even if members of that OTP represent less than 50%, based on the following requirements:
 - In determining whether the 50% threshold is met by a group of different OTPs, the Applicant CDFI or CDFI may only include those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component. For example, a CDFI that has an approved Target Market that includes OTP-African American and OTP-Hispanic Target Market components may report transactions in which African Americans and Hispanics together represent the majority of Individual, owner, or end user Financial Product recipients, but may not include Native Americans or other OTPs unless and until it has received separate Target Market approval for the Native American OTP or other OTPs.
 - An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
 - Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.
 - For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR.

TARGET MARKET TYPE: OTP-PERSONS WITH DISABILITIES

Recipient Type Eligibility

- **Individual:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are individuals:
 - At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as a person with a disability; *or*
 - at least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as the legal guardian or caretaker of a person with a disability *and* at least 50% of the end beneficiaries of the Financial Product and/or Financial Services transaction are assessed as persons with disabilities.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipients are held by individuals assessed as persons with disabilities; *or*
 - at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as persons with disabilities.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end-user recipients of the Financial Product and/or Financial Services transaction are assessed as persons with disabilities.
- **For-Profit or Nonprofit Entity:** All parties named as recipients in the Financial Product and/or Financial Services transaction agreement are entities whose sole purpose is to produce/deliver disability-related assistive technology⁴ or disability-related accessibility modifications.

Pre-Approved Assessment Methodologies

- **OTP-PWD.1: Self Report** – Individual, owner, or end user self-reports as a person with a disability.
- **OTP-PWD.2: Visual/Auditory/Documentation** – If the individual/owner/end-user self-report is not available, the financing or recipient entity assesses an

⁴ As defined in [29 U.S.C. 3002\(3\)-\(5\)](#).

individual's/owner's/end user's status as a person with a disability visually or auditorily (in person, by video, or telephonically) or via the collection of acceptable documentation.

- **OTP-PWD.3: Technology/Accessibility** – The sole purpose of the Financial Product is for the purchase/production/delivery of disability-related assistive technology or disability-related accessibility modifications.
- **OTP-PWD.4: Legal Guardianship/Caretaker Documentation** – The financing entity assesses an individual's status as the legal guardian or caretaker of a person with a disability via the collection of acceptable documentation in combination with an assessment of the end user(s)'s status as a person with a disability via a pre-approved assessment methodology.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- Acceptable documentation of legal guardian or caretaker status relationship to the person with a disability includes a certified birth certificate, guardianship/custody orders, power of attorney and employment contract.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- For Target Market assessment purposes, the CDFI Fund relies on the definition for a “person with a disability” established by the American Disabilities Act (ADA), which is “a person who has a physical or mental impairment that substantially limits one or more major life activities, a person who has a history or record of such an impairment, or a person who is perceived by others as having such an impairment.”
- Acceptable documentation of a disability includes statements or letters on a physician's/medical professional's letterhead stationery; statements, records, or letters from a federal government agency that issues or provides disability benefits; statements, records, or letters from a state vocational rehabilitation agency counselor; certification from a private vocational rehabilitation or other counselor that issues or provides disability benefits.
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP, even if they are part of the same family, household, or entity.

- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.

TARGET MARKET TYPE: OTP-CERTIFIED CDFIS

Recipient Type Eligibility

- **For-Profit Entity or Nonprofit Entity:** Financial Product(s) is delivered to a Certified CDFI at the time the Financial Product transaction is issued.

Pre-Approved Assessment Methodologies

- **OTP-Certified CDFI.1: Certified CDFI** – The financing entity assesses the recipient as certified at the time the Financial Product was received using the list of Certified CDFIs on the CDFI Fund’s website.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI that is issuing Financial Products to another CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI that is issuing Financial Products to another CDFI should maintain its records for a minimum of five years.

Guidance

- The most recent list of Certified CDFIs can be found on the CDFI Fund’s website at <https://www.cdfifund.gov/programs-training/certification/cdfi> and is updated monthly.

TARGET MARKET TYPE: LOW-INCOME TARGETED POPULATION (LITP)

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as Low-Income.
- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the ownership shares of the entity(ies) named as recipient are held by individuals assessed as Low-Income; or
 - at least 50% of the end users of the Financial Product and/or Financial Services transaction are assessed as Low-Income.
- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities, at least 50% of the end users of the Financial Product and/or Financial Services transaction are assessed as Low-Income.

Pre-Approved Assessment Methodologies

- **LITP.1: Documented Full Family Income**⁵– The financing or recipient entity collects documentation of full family income data and primary residence or business location from the individual, owner, or end user; and assesses Low-Income status via a comparison of the entire family income to the Area Median Family Income for the relevant family size and local geography.
- **LITP.2: Programmatic Proxy** – If documented individual/owner/end-user full family income data is not available, the financing or recipient entity assesses Low-Income status using a pre-approved Low-Income programmatic proxy.
- **LITP.3: Self-Reported Family Income** – If documented individual/owner/end user full family income data is not available, the individual, owner, or end user self-reports full family income data and primary residence or business location and the financing or recipient entity assesses Low-Income status via a comparison of the entire self-reported family income to the Area Median Family Income for the relevant family size and local geography.
- **LITP.4: Documented Underwriting Income and Default Family Size** – If documented individual/owner/end-user full family income and family size data is not available, the

⁵ See definition of family income on page 27 – Appendix General Guidance question 2.

financing or recipient entity collects documentation of recipient primary residence or business location and assesses Low-Income status via a comparison of the documented underwriting income data for the individual/owner/end user and a default family size of three to the Area Median Family Income for a family size of three and the relevant local geography.

- **LITP.5: Organization Proxy** – All parties named as recipients in the Financial Product and/or Financial Services transaction agreement meet the definition of a pre-approved LITP-serving organization.
- **LITP.6: Housing Unit Income Restrictions** – If the purpose of the Financial Product is for the financing of Low-Income Affordable Housing, the financing entity assesses the income restrictions that have been or will be placed on any units to be financed.

Pre-Approved Low-Income Programmatic Proxies

The CDFI Fund has determined that participants in the following programs meet the CDFI Fund’s definition of “Low-Income” and may therefore be used by a financing or Financial Product and/or Financial Services recipient entity to assess the Low-Income status of an individual/owner/end user based on participation in the program:

- Child and Adult Care Food Program (CACFP)
- Children’s Health Insurance Program (CHIP)
- Food Distribution Program on Indian Reservations (FDPIR)
- Head Start Program
- HOME Investment Partnership Program (HOME)
- HUD Public Housing
- HUD Section 8 Housing Choice Voucher Program
- Job Corps Program
- Lifeline Discounted Phone Program
- Medicaid Program
- National School Lunch Program (NSLP)
- Pell Grants for Higher Education

- School Breakfast Program (SBP)
- Social Security Disability Insurance (SSDI)
- Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC)
- Summer Food Service Program (SFSP)
- Supplemental Nutrition Assistance Program (SNAP)/Food Stamps
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- USDA Single Family Housing Direct Home Loans (Section 502 Direct Loan Program)

Pre-Approved Low-Income Organization Proxies

The CDFI Fund has determined that at least 50% of the service recipients of the following organizations meet the CDFI Fund’s definition of Low-Income and that a Financial Product and/or Financial Service delivered to the organization may therefore be treated as serving a Low-Income Targeted Population:

- Federal Qualified Health Centers (FQHC)
- Free and Charitable Clinics
- Homeless Service Providers
- Rural Health Clinics (RHC)
- School-Based Health Centers (SBHC)

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- An individual will be considered Low-Income if, based on the person’s primary place of residence, their income, adjusted for family size is:
 - For Metropolitan Areas, no more than 80% of the area median family income adjusted by family size for the relevant Metropolitan Statistical Area (MSA); or

- For Non-Metropolitan Areas, no more than the greater of 80% of the area median family income adjusted by family size for the relevant county or 80% of the statewide non-metropolitan Statistical Area (non-MSA) median family income adjusted for family size.
- All individuals named as recipients or end users of a single Financial Product transaction will be counted as separate individuals when determining the overall percentage of those that qualify as LITP, even if they are part of the same family, household, or entity.
- Actual family size and income: When using LITP.1 to assess Low-Income status, the actual family size of the Financial Product consumer should be based on the U.S. Census Bureau's definition of family (currently includes any person living in the same dwelling unit that is related by birth, marriage, or adoption). In addition, income data must
 - be collected on all members of the family;
 - be calculated based on the income type that must be included when determining adjusted gross income in an IRS 1040 form, family income for the U.S. Census Bureau, or household income for HUD's Section 8 Program; and
 - include income of the relevant types received by any family member taken into account in the U.S. Census Bureau's definition of family income (currently includes any person aged 15 and up who lives in the same dwelling unit and is related by birth, marriage, or adoption) even if that family member does not file a tax return to report their income and/or have other formal documentation of the income.
- Formal documentation of full family income for LITP.1: Documented Full Family Income may consist of tax returns, W-2s, recent paystubs, employer affidavits, and so on or via combinations of such documents as needed to establish the full relevant income of each relevant family member.
- Default family size and documented income: If using LITP.4 to assess Low-Income status based on a default family size of three when the family size is unknown, the financing entity must count the documented income from all Financial Product consumers who will sign the note, to the extent that the income is considered in evaluating creditworthiness for the Financial Product.
- If documented or self-reported income information is available, then the CDFI or Applicant CDFI may use the CDFI Fund's *Low-Income Calculator*. The calculator provides users with the ability to enter family income, number of family members, and a geographic location to determine whether a transaction qualifies as an LITP loan or investment based on the MSA or non-MSA in which the Financial Product or Financial

Services recipient resides. The updated calculator is still under construction and will be available in the coming weeks.

- The use of LITP.3: Self-Reported Family Income does not require any documentation by the individual, owner, or end user for that person’s full family income—only the self-reported dollar amount and family size. Financing and/or recipient entities may develop their own forms and procedures relating to self-reported family income, but must inform the borrower or end user that all relevant sources of income for each family member must be included when calculating annual income.
 - If assessing Low-Income status based on borrower or end user self-reported family income, the financing or recipient entity is encouraged to request follow-up family income documentation from a sample of borrower(s)/end user(s) to ensure an entity’s CDFI Certification or CDFI Fund award is not at risk if the CDFI Fund must conduct a desk review or site visit to assess compliance with proper LITP transaction identification.
- If there is any reason to doubt an individual’s status as Low-Income, then the individual should not be counted as such.
- When using LITP.6 to assess Low-Income status based upon the income restrictions that have been or will be placed upon any financed housing units, such income restrictions shall be based upon the most recently published income limits established by the Department of Housing and Urban Development (HUD) or the United States Department of Agriculture (USDA) where applicable. LITP.6 may be used at any stage of financing (e.g., pre-development, construction, or permanent). When using this methodology, at least 50% of the housing units financed must be assessed as restricted for occupancy by Low-Income persons or families for the associated Financial Product transaction to be designated as an LITP Target Market transaction.
- For any proxy not shown on the CDFI Fund’s publicly available pre-approved proxy list, the Financing Entity must submit its proposed proxy for approval by the CDFI Fund. The proxy must be approved by the CDFI Fund prior to its use for Target Market assessment. See appendix for the process for submitting a proposed Target Market assessment methodology for approval by the CDFI Fund.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity (other than an entity that meets the definition of a pre-approved LITP-serving organization) must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.

- See appendix for the list of allowable forms of primary residence documentation as well as the list of definitions for the organization proxies.

TARGET MARKET TYPE: INVESTMENT AREA (IA)

Recipient Type Eligibility

- **Individual:** At least 50% of the individuals named as recipients in the Financial Product and/or Financial Services transaction agreement are assessed as having a primary place of residence in a qualified census tract or an eligible customized Investment Area (CIA) or non-Metro county or parish Investment Area.⁶

- **For-Profit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are for-profit entities that are wholly owned by one or more individuals (i.e., are not owned in whole or in part by another entity) and are not tax exempt:
 - at least 50% of the owners' business locations (excluding non-business property used as collateral) are assessed as being located in qualified census tracts or an eligible CIA or non-Metro county or parish Investment Area;

 - at least 50% of the Financial Product and/or Financial Services is used for a business location of the owner(s) in a qualified census tract or an eligible CIA or non-Metro county or parish Investment Area; or

 - at least 50% of the employees of the business as a whole or of the business to which the Financial Product and/or Financial Services is directed reside in a qualified census tract or an eligible CIA or non-Metro county or parish Investment Area.

- **Nonprofit Entity:** If all parties named as recipients in the Financial Product and/or Financial Services transaction agreement are nonprofit entities:
 - At least 50% of locations for the project or service must be located in a qualified census tract or eligible CIA or non-Metro county or parish Investment Area; or

 - At least 50% of end users of a project or service must reside in a qualified census tract and/or eligible CIA or non-Metro county or parish Investment Area.

⁶ Note that although financing activity can occur and be counted in individually non-qualifying census tracts within a CIA, the Applicant must direct at least 85% of its CIA financing activity within the individually qualified census tracts of that CIA for activity in the non-qualifying tracts of the CIA to count toward the 60% Target Market benchmark. Prior to October 1, 2027, an Applicant that serves a non-Metro CIA, county, or parish also must direct at least 75% of its non-Metro CIA, county, or parish Financial Product and/or Financial Services activity within the individually qualified census tracts of the respective non-Metro geography for activity in the non-qualifying tracts of the non-Metro geography to count toward the 60% Target Market benchmark. Beginning October 1, 2027, an Applicant that serves a non-Metro CIA, county, or parish must direct at least 85% of its non-Metro CIA, county, or parish Financial Product and/or Financial Services activity within the individually qualified census tracts of the respective non-Metro geography for activity in the non-qualifying tracts of the non-Metro geography to count toward the 60% Target Market benchmark.

Pre-Approved Assessment Methodologies

- **IA.1: Residence** – The financing entity determines if the primary place of residence for the Financial Product and/or Financial Services individual/end user, as assessed via a government-issued (including tribal government) photo identification or an allowable set of documents proving primary place of residence, is in a qualified census tract or eligible CIA or non-Metro county or parish Investment Area as verified in CIMS.
- **IA.2: Project/Service/Business Use** – The financing entity determines if the geocoded address(es) where the financing was actually or is specifically intended to be used is in a qualified census tract or CIA (including a non-Metro county or non-Metro parish) as verified in CIMS.
- **IA.3: Business Location(s)** – The financing entity determines if the geocoded address(es) of the business location(s) (excluding non-business property used as collateral) of the Financial Product and/or Financial Services recipient is in a qualified census tract or eligible CIA or non-Metro county or parish Investment Area as verified in CIMS.

Documentation/Record-Keeping Requirements

- CDFI or Applicant CDFI must have policies describing the assessment processes used to determine the transaction is Target Market directed.
- CDFI or Applicant CDFI should maintain its records for a minimum of five years.

Guidance

- An Investment Area meets at least one of the following economic distress criteria and has significant unmet needs for Financial Products and Services; or it is wholly located within an Empowerment Zone or Enterprise Community (as designated under Section 1391 of the Internal Revenue Code of 1986 [26 U.S.C. 1391]):
 - poverty rate greater than 20%;
 - median family income (MFI) at 80% or below specific MFI benchmarks; or
 - unemployment rate 1.5 times the national average.

The latest list of census tracts that qualify as Investment Areas is available [here](#) as a data file and shown on a map via the CDFI Information Mapping System (CIMS) [here](#).

- Addresses are not required to be geocoded in CIMS to determine the relevant FIPS code for a transaction. Any commercial geocoding software may be used as long as the geocoding is done using the correct census tract vintage as designated by the CDFI Fund. For example, as of January 2024, census tracts are based on the 2020 Decennial Census not the 2010 Decennial Census or 2011-2015 American Community Survey. The verification of Investment Areas must be done in CIMS not via any commercial geocoding software.

- There are three types of Investment Areas: (1) Pre-qualified Investment Areas (Qualified Census Tracts Only); (2) Customized Investment Areas; and (3) Non-Metro Customized Investment Areas, Counties, and Parishes.⁷
- All individuals named as recipients of the Financial Product will be counted as separate individuals when determining the overall percentage of those that qualify for this OTP, even if they are part of the same family, household, or entity.
- If the Financial Product is for a home purchase, and the new home will be the Financial Product consumer's primary place of residence, the new home address will be used to determine if the homebuyer resides in a qualified census tract or CIA.
- If the Financial Product is provided for pre-development, the financing entity should geocode the known location of where the facility is to be built. If the location has not yet been determined, the transaction cannot be assessed as in an IA.
- The financing entity is responsible for saving the CIMS-produced map of its CIA or non-Metro county or parish Investment Area and the accompanying report listing all of the census tracts that are a part of the CIA or non-Metro county or parish Investment Area.
- Addresses that are assessed and geocoded into CIMS should not include any addresses used for collateral unless those addresses are an actual location for the relevant entity.
- For a student loan, the address is the primary residence of the borrower, which could be on- or off-campus.
- A post office box is not allowed to be used to represent a Financial Product or Financial Service transaction location unless there is sufficient evidence that it represents the actual location of the transaction. Entities should check for an underlying physical address or X/Y coordinates, (e.g., used by emergency vehicles) to find the location. The TLR does not accept post office box in its address reporting.
- For end-user assessments, the Financial Product and/or Financial Services recipient entity must assess the percentage of end-user recipients that are members of the Target Market. The financing entity must verify that the recipient entity is using one of the pre-approved methods in order to count the transaction as Target Market directed.
- See appendix for list of allowable forms of government-issued photo identification and primary residence documentation.

⁷ See the CDFI Certification Application for additional detail on each type of Investment Area.

APPENDIX: FREQUENTLY ASKED QUESTIONS

1) When must a CDFI begin abiding by the new pre-approved Target Market Assessment Methodologies?

TM07 asks Applicants to attest “that only a CDFI Fund-approved Target Market assessment methodology(ies) was and will continue to be used to determine whether or not Financial Product transactions and/or depository accounts have been directed to an eligible Target Market,” while TM08 asks Applicants to identify the Target Market assessment methodology(ies) used by the Applicant. The list of approved Target Market assessment methodologies was announced on December 7, 2023, and can be found on the CDFI Fund’s [website](#). Applicants that seek to use a Target Market assessment methodology other than one that appears on the list of approved methodologies may request separate approval of that methodology through Section Zero of the Application.

For a Non-Certified CDFI Applicant, the attestation in TM07 must signify that all of the Target Market activity reported in its TLR was assessed using one or more of the approved methodologies that it identifies in its response to TM08.

Currently Certified CDFIs that have been using a Target Market assessment methodology other than one that appears on the list of pre-approved methodologies may use the grace period until their application submission deadlines either to request approval of that methodology or to adopt one or more of the pre-approved methodologies. For such a currently Certified CDFI, the attestation in TM07 must signify that the CDFI has begun using – and will continue to use – only one or more of the approved Target Market assessment methodologies that it identifies in its response to TM08 by the time it submits its application for CDFI Certification under the revised standards.

2) Why is the use of the visual observation or surname assessment methodology allowed only for the racial and ethnic OTP categories of African American and Hispanic?

The CDFI Fund has approved the use of visual observation or surname as a Target Market assessment methodology for residential mortgage loans only and only to the extent that the financing entity has used this method for HMDA purposes to report the race or ethnicity of a borrower. According to HMDA Appendix B: “Only an applicant may self-identify as being of a particular Hispanic or Latino subcategory (Mexican, Puerto Rican, Cuban, Other Hispanic or Latino) or of a particular Asian subcategory (Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, Other Asian) or of a particular Native Hawaiian or Other Pacific Islander subcategory (Native Hawaiian, Guamanian or Chamorro, Samoan, Other Pacific Islander) or of a particular American Indian or Alaska Native enrolled or principal tribe.”⁸ Because HMDA technically recognizes Native Americans, Native Alaskans, Native Hawaiians, Other Pacific

⁸ [Appendix B to Part 1003 — Form and Instructions for Data Collection on Ethnicity, Race, and Sex | Consumer Financial Protection Bureau \(consumerfinance.gov\)](#).

Islanders, Filipinos, or Vietnamese as subcategories of other broader racial or ethnic groups (e.g., Native American is a subcategory of American Indian or Alaska Native), lenders are not permitted to use visual observation or surname to identify such borrowers. For CDFI Fund purposes, therefore, the methodology may be used only to assess African American or Hispanic OTPs.

3) Would a person who migrated to the United States from a country of origin included in the definition of an Other Targeted Population (OTP) be considered a member of that OTP?

If an OTP is defined as “a person having origins in any of the original peoples of” a specific country, migration from that country is not in itself an indication that an individual is a member of the OTP. For example, for OTP-Vietnamese, “Vietnamese” is defined as “a person having origins in any of original peoples of Vietnam.” Although a significant number of Hmong peoples did migrate to the United States from Vietnam, they are an ethnically distinct group from Vietnamese people and therefore, would not qualify as “OTP-Vietnamese.”

4) Can a person’s nationality be used to assess that individual’s status as a member of an Other Targeted Population?

A person’s nationality can be used to assess that individual’s status as a member of the OTP-Hispanic Target Market component only. For Target Market assessment purposes, the CDFI Fund relies on the definition for Hispanic established by the 1997 OMB standards on race and ethnicity [62 FR 58782], which is “a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.” If a person self-reports as “a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race” the Applicant or CDFI may assess that person to be OTP-Hispanic.

5) For purposes of identifying members of an OTP, if a financing entity did not obtain demographic information from a borrower at the time a Financial Product was issued, can it be collected after?

Yes. Per the pre-approved Target Market assessment methodologies, Applicants and CDFIs may rely on the self-reported status of an individual, owner, or end-user to identify members of an OTP. Subject to any statutory or regulatory limitations, this information may be collected at any time prior to or subsequent to the closing of a Financial Product. Please note, however, that once an Applicant or CDFI has submitted a Transaction Level Report to the CDFI Fund, the entity will not be permitted to retroactively make changes to the Target Market status of its Financial Product recipients or end-users.

6) What are the U.S. Census Bureau relevant types of income received by family members?

U.S. Census Bureau’s American Community Survey (ACS) defines family income as “the incomes of all members 15 years old and over related to the householder ... summed and treated as a

single amount” and where total income is defined as “sum of the amounts reported separately for wage or salary income; net self-employment income; interest, dividends, or net rental or royalty income or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); public assistance or welfare payments; retirement, survivor, or disability pensions; and all other income.” The definitions⁹ of the total components are as follows:

- Wage or salary income: Wage or salary income includes total money earnings received for work performed as an employee during the past 12 months. It includes wages, salary, Armed Forces pay, commissions, tips, piece-rate payments, and cash bonuses earned before deductions were made for taxes, bonds, pensions, union dues, and so on.
- Self-employment income: Self-employment income includes both farm and non-farm self-employment income. Farm self-employment income includes net money income (gross receipts minus operating expenses) from the operation of a farm by a person on his or her own account, as an owner, renter, or sharecropper. Gross receipts include the value of all products sold, government farm programs, money received from the rental of farm equipment to others, and incidental receipts from the sale of wood, sand, gravel, and so on.

Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farmhands, depreciation charges, rent, interest on farm mortgages, farm building repairs, farm taxes (not state and federal personal income taxes), and so on. The value of fuel, food, or other farm products used for family living is not included as part of net income. Non-farm self-employment income includes net money income (gross receipts minus expenses) from one’s own business, professional enterprise, or partnership. Gross receipts include the value of all goods sold and services rendered. Expenses include costs of goods purchased, rent, heat, light, power, depreciation charges, wages and salaries paid, business taxes (not personal income taxes), and so on.

- Interest, dividends, net rental income, royalty income, or income from estates and trusts: Interest, dividends, or net rental income includes interest on savings or bonds, dividends from stockholdings or membership in associations, net income from rental of property to others and receipts from boarders or lodgers, net royalties, and periodic payments from an estate or trust fund.
- Social Security or Railroad Retirement income: Social Security income includes Social Security and U.S. railroad retirement pensions and survivor benefits, permanent disability insurance payments made by the Social Security Administration prior to

⁹ [American Community Survey and Puerto Rico Community Survey 2020 Subject Definitions \(census.gov\)](https://www.census.gov/programs-surveys/acs/data/2020-subject-definitions.html).

deductions for medical insurance, and railroad retirement insurance checks from the U.S. government. Medicare reimbursements are not included.

- Supplemental Security Income (SSI): Supplemental Security Income (SSI) is a nationwide U.S. assistance program administered by the Social Security Administration that guarantees a minimum level of income for needy aged, blind, or disabled individuals. The Puerto Rico Community Survey questionnaire asks about the receipt of SSI; however, SSI is not a federally administered program in Puerto Rico. Therefore, it is probably not being interpreted by most respondents in the same manner as SSI in the United States. The only way a resident of Puerto Rico could appropriately report SSI are circumstances in which the individual lived in the United States at any time during the past 12-month reference period and received SSI.
- Public assistance income: Public assistance income includes general assistance and Temporary Assistance to Needy Families (TANF). Separate payments received for hospital or other medical care (vendor payments) are excluded. This does not include Supplemental Security Income (SSI) or noncash benefits such as Food Stamps. The terms “public assistance income” and “cash public assistance” are used interchangeably in the 2020 ACS data products.
- Retirement, survivor, or disability income: Retirement, survivor, or disability income includes (1) regular income from a company pension, union pension, federal government pension, state government pension, local government pension, U.S. military pension, KEOGH retirement plan, SEP (Simplified Employee Pension) or any other type of pension, retirement account or annuity such as IRA, ROTH IRA, 401(k) or 403(b); (2) survivor income that is paid to spouses or children of a deceased person; (3) regular income from a disability pension paid to those who are unable to work due to a disability from companies or unions; federal, state, or local government; and the U.S. military.

Do not include Social Security or income that is “rolled over” or reinvested in another retirement account.

- All other income: All other income includes unemployment compensation, worker’s compensation, Department of Veterans Affairs (VA) payments, alimony and child support, contributions received periodically from people not living in the household, military family allotments, and other kinds of periodic income other than earnings.

7) What are the allowable forms of government-issued photo identification and documentation that may be used to demonstrate proof of primary residence?

Allowable valid forms of photo identification are the following:

- Driver's licenses or other state photo identity cards issued by Department of Motor Vehicles (or equivalent)
- U.S. passport
- U.S. passport card
- DHS trusted traveler cards (Global Entry, NEXUS, SENTRI, FAST)
- U.S. Department of Defense ID, including IDs issued to dependents
- Permanent resident card
- Border crossing card
- State-issued Enhanced Driver's License
- An acceptable photo ID issued by a federally recognized, tribal nation/Indian tribe
- HSPD-12 PIV card
- Foreign government-issued passport
- Canadian provincial driver's license or Indian and Northern Affairs Canada card
- Transportation worker identification credential
- U.S. Citizenship and Immigration Services Employment Authorization Card (I-766)
- U.S. Merchant Mariner Credential
- Veteran Health Identification Card (VHIC)

Allowable documentation for showing proof of primary residence include the following:

- Utility bill (water, gas, electric, oil, or cable), with name and address, issued within the last 60 days (disconnect notices/bills are not accepted).
- Telephone bill (cell phone, wireless, or pager bills acceptable), reflecting Applicant's name and current address, issued within the last 60 days (disconnect notices/bills are not accepted).
- Deed, mortgage, or settlement agreement reflecting Applicant's name and property address issued with the last 60 days.
- Unexpired lease or rental agreement with the name of the Applicant listed as the lessee, permitted resident, or renter (may be a photocopy). The unexpired lease or rental agreement must be signed by all parties.
- Unexpired sublease accompanied by the original unexpired lease with the name of the certifier as sub-lessor.
- Property tax bill or tax assessment issued within the last 12 months reflecting the Applicant's name and property address.
- Unexpired homeowner's or renter's insurance policy reflecting name and address.
- Letter with picture from Court Services and Offender Supervision Agency (CSOSA) or Department of Corrections (DOC) certifying name and residency issued within the last 60 days.
- State's Department of Motor Vehicle Administration Proof of Residency Certification form signed within the last 60 days by the certifier residing at the residence and a copy of the certifier's unexpired driver's license or state identification card and two proof of residency documents (one primary and one secondary) in the certifier's name and proof of relationship document if certifying for a qualified family member.

Leases that stipulate authorized tenants cannot be used to certify individuals that are not permitted to reside at the residence.

- Official mail—received from any government agency (with full name and address) to include contents received within the last 60 days, excluding State Department of Motor Vehicles. Change of address forms from the U.S. Postal Service are not applicable.
- Car/personal loan statement (no coupon books/vouchers accepted) issued within the last 60 days reflecting name and address.
- Home security system bill issued within the last 60 days reflecting name and address.
- Letter on official letterhead issued by university or college registrar's office reflecting the customer's name and certifying the customer's on-campus address issued within the last 60 days.

8) Are any businesses excluded from counting toward a Target Market?

Financial Products provided to businesses offering restricted services are not allowed to be counted as Target Market directed. This includes companies involved in activities such as alcohol, tobacco, cannabis, gambling, adult entertainment, or weapons.

9) What are the definitions of the organization types that are approved Low-Income Organization Proxies?

Federal Qualified Health Centers (FQHC): As defined in [42 CFR § 405.2401\(b\)](#), an FQHC is an entity that has entered into an agreement with CMS to meet Medicare program requirements under [405.2434](#) and

- is receiving a grant under Section 330 of the Public Health Service (PHS) Act or is receiving funding from such a grant under a contract with the recipient of such a grant and meets the requirements to receive a grant under Section 330 of the PHS Act;
- is determined by the Health Resources and Services Administration (HRSA) to meet the requirements for receiving such a grant;
- was treated by the Centers for Medicare & Medicaid Services (CMS), for purposes of Medicare Part B, as a comprehensive federally funded health center as of January 1, 1990; or
- is an outpatient health program or facility operated by a tribe or tribal organizations under the Indian Self-Determination Act or by an Urban Indian organization receiving funds under Title V of the Indian Health Care Improvement Act.

Free and Charitable Clinics: Nonprofit safety-net health care organizations that utilize a volunteer/staff model to provide a range of medical, dental, pharmacy, vision and/or

behavioral health services to economically disadvantaged individuals. Entities that otherwise meet the above definition but charge a nominal/sliding fee to patients may still be considered Free or Charitable Clinics provided essential services are delivered regardless of the patient's ability to pay. Free or Charitable Clinics restrict eligibility for their services to individuals who are uninsured, underinsured, and/or have limited or no access to primary, specialty, or prescription health care.¹⁰

Homeless Service Providers: The term "homeless service provider" has the same meaning as defined in [34 U.S.C. § 12473\(7\)](#): a nonprofit, nongovernmental homeless service provider, such as a homeless shelter, a homeless service or advocacy program, a tribal organization serving homeless individuals, or coalition or other nonprofit, nongovernmental organization carrying out a community-based homeless or housing program that has a documented history of effective work concerning homelessness. For purposes of serving as a Low-Income organization proxy, the provision of homeless services should be the organization's predominant activity (i.e., an organization for which the provision of homeless services is one among several other services or activities provided by the organization that are not LITP-directed should not necessarily be treated as a Low-Income organization proxy).

Rural Health Clinics (RHC): As defined by [42 CFR § 405.2401\(b\)](#), an RHC is a facility that has

- been determined by the Secretary to meet the requirements of Section 1861(aa)(2) of the Social Security Act and [42 CFR Part 491](#) concerning RHC services and conditions for approval; and
- filed an agreement with CMS that meets the requirements in 42 CFR [§ 405.2402](#) to provide RHC services under Medicare.

School-Based Health Centers (SBHC): A School-Based Health Center has the same meaning as defined in [42 U.S.C. § 1397jj\(c\)\(9\)](#): a health clinic that

- (i) is located in or near a school facility of a school district or board or of an Indian tribe or tribal organization;
- (ii) is organized through school, community, and health provider relationships;
- (iii) is administered by a sponsoring facility;
- (iv) provides through health professionals primary health services to children in accordance with state and local law, including laws relating to licensure and certification; and
- (v) satisfies such other requirements as a State may establish for the operation of such a clinic.

10) What is the process for submitting a proposed Target Market assessment methodology for approval by the CDFI Fund?

¹⁰ See National Association of Free & Charitable Clinics website (<https://nafclinics.org/about-us/our-members/>).

A proposed Target Market assessment methodology may be submitted for approval to the CDFI Fund via the Certification Application or the Annual Certification and Data Collection Report (ACR). Each of the forms has a section where a CDFI Certification Applicant or a currently Certified CDFI can propose a Target Market assessment methodology for consideration. To request the use of a Target Market assessment methodology other than one that appears on the list of pre-approved methodologies, including the use of a programmatic or organization proxy, the following information must be submitted for CDFI Fund consideration:

- the applicable Target Market (i.e., Investment Area, Low-Income Targeted Population, or Other Targeted Population);
- assessment methodology (e.g., description of methodology and/or model design, including the step-by-step process used to collect the data, review any documents, and/or run the model and process its results);
- supporting or supplemental documentation;
- description of how the proposed assessment methodology provides sufficient confidence that a transaction can be assigned to a specific Target Market;
- if proposing a programmatic (or organization) proxy, the program's (or organization's) detailed eligibility criteria or the step-by-step process used to compare programmatic data to CDFI Fund definitions (e.g., income sources, income thresholds);
- the process for record keeping; and
- the process for updating any methodology dependent on underlying data changes.

11) Can a proposed Target Market assessment methodology be based on proprietary data and/or a proprietary model?

Data sources for proposed Target Market assessment methodologies should be public to allow for analysis and verification of accuracy, as well as for potential use by other CDFIs and Applicants for CDFI Certification. A proposed Target Market assessment method may be based on proprietary data and/or a proprietary model *only* if the proprietary data and/or proprietary model has been studied and verified by an independent third party whose analysis shows that the data and/or model produces consistent results.

The independent third-party research report on the proprietary data and/or proprietary model is defined as a research report in which the person or entity producing the report (1) has no affiliation or contractual relationship with the Applicant or Certified CDFI and/or, if the owner of the proprietary data or proprietary model is not the Applicant/Certified CDFI itself, the owner of the proprietary data or proprietary model, that is reasonably likely to inform the content of its research report; and (2) makes content determinations without any input from the Applicant or Certified CDFI and/or owner of the proprietary data or proprietary model. In addition, the Applicant or Certified CDFI and/or owner of the proprietary data or proprietary model has no input into the outcome of the research report, i.e., there may not be any explicit or implicit agreements, understandings, or expectations as to any particular conclusions or recommendations of the resultant research reports. The third-party study(ies) should be

submitted to the CDFI Fund for review as part of the supporting documentation for the proposed method.

CDFI Fund approval of a Target Market assessment method based on proprietary data or a proprietary model does not constitute or imply the promotion, recommendation, or favoring of the U.S. Government, the CDFI Fund, or any of its employees or contractors acting on its behalf. In addition, an approval does not prohibit other Applicants from proposing a similar Target Market assessment method that uses different proprietary data or a different proprietary data model; however, the CDFI Fund must approve that different data or model prior to use by the Applicant.

12) What is the geographic unit of comparison for the CDFI Fund's Low-Income Calculator?

The geographic unit of comparison depends on whether the primary residence of the individual is in a MSA or non-MSA.

For individuals who reside in a Metropolitan Area, their income adjusted for family size will be compared against the area median family income adjusted for family size of that specific MSA. If the individual's income adjusted for family size is 80% or less of the area median family income adjusted for family size of that specific MSA, then the individual qualifies as LITP.

For individuals who reside in a non-Metropolitan Area, their income adjusted for family size will be compared against the area median family income adjusted for family size of the primary residence's county or state-wide non-MSA. The CDFI Fund will determine whether the county area median family income or the state-wide non-MSA is the higher amount and use the higher one for the comparison. If the individual's income adjusted for family size is 80% or less of the area median family income adjusted for family size of the county or state-wide non-MSA, then the individual qualifies as LITP.

13) Can a Financial Product and/or Financial Service be counted as Target Market activity if at least 50% or more of the individual, business owner, or end-user recipients are members of more than one approved OTP category but where none of the approved OTP categories individually equal 50%?

Yes, the Financial Product and/or Financial Service can be counted as Target Market activity if the following conditions are met pertaining to race and ethnicity OTPs only:

- Include only those OTPs for which the Applicant CDFI or CDFI has a CDFI Fund-approved Target Market component.
- An appropriate Target Market assessment method approved by the CDFI Fund must be used for identifying each of the relevant OTPs.
- Documentation must be retained showing the different population breakdown of the individual, owner, or end user Financial Product recipients for each applicable transaction.

- For TLR reporting purposes, the Applicant CDFI or CDFI must choose the approved OTP category with the highest percentage and use this category for answering the “Designated Target Market Type” data field on the TLR. In the cases where there is a tie between approved OTP categories for the highest percentage, then the Applicant CDFI or CDFI may select the approved OTP category to use. For example, if the approved OTP breakdown is as follows 15% African-American and 35% Hispanic, then the transaction should be tagged as “OTP-Hispanic” in the TLR. In the cases where there is a tie between approved OTP categories for the highest percentage, then the Applicant CDFI or CDFI may select the approved OTP category to use. For example, the percentages are 30% for “OTP-Hispanic” and 30% for “OTP-Filipino” which add up to 60%, so the 50% threshold is met and the Applicant CDFI or CDFI is approved for both of these OTPs, then they can choose where to enter “OTP-Hispanic” or “OTP-Filipino” as the answer for the “Designated Target Market Type” data field.

14) What constitutes a residential mortgage that would allow for the use of the “Visual/Surname” Target Market assessment methodology for OTP-African American and OTP-Hispanic?

A residential mortgage would be a transaction entered into the TLR that has a value of “HOMEIMP” or “HOMEPURCH” (which stand for “Home Improvement Loan” and “Home Purchase Loan”, respectively) for the “Purpose” data field. These are the only real estate-affiliated answer choices for the “Purpose” data field that are allowed for individual borrower/investee type. The Visual/Surname assessment methodology may not be used to assess business or CDFI Financial Product recipients. The guidance for the “Visual/Surname” Target Market assessment methodology under OTP-African American and OTP-Hispanic specifically references individual borrowers.