



# Community Development Financial Institution Certification Application's Related Tools

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## OVERVIEW OF REVISED ACR AND TLR

January 24, 2024

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

[www.cdfifund.gov](http://www.cdfifund.gov)

# Welcome & Introductions



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# CDFI Certification Application and Related Tools Revisions



## Summary

In November 2022, revisions to a proposed new Community Development Financial Institution (CDFI) Certification Application were published for a final round of public comment by the Office of Management and Budget (OMB).

Separately, modifications to the revised Annual Certification and Data Collection Report (ACR) and abbreviated Transaction Level Report (TLR) were also released by OMB for a final round of public comment, to which 40 separate comment letters were submitted. These are information collection tools related to the CDFI Certification Application that are used to maintain a CDFI's Certification and gather data.

After conducting a thorough review of comments, the CDFI Fund has made further revisions to the CDFI Certification Application and related tools (i.e., the ACR and abbreviated TLR) to provide greater transparency and clarity around the criteria that entities must meet to obtain, maintain, and measure CDFI Certification.

The following presentation outlines the requirements of CDFI Certification and the OMB-approved revised ACR and abbreviated TLR.

# Presentation Roadmap



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# CDFI Fund Overview



## OUR MISSION

The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

# CDFI Fund Overview



## OUR VISION

The vision of the CDFI Fund is an America in which all people and communities have access to the investment capital and financial services they need to prosper.

# About the CDFI Fund



The CDFI Fund manages nine separate programs authorized through six different statutes:

- Riegle Community Development and Regulatory Improvement Act of 1994
  - Bank Enterprise Award Program (BEA Program)
  - Community Development Financial Institutions Program (CDFI Program)
  - Native American CDFI Assistance Program (NACA Program)
- Community Renewal Tax Relief Act of 2000
  - New Markets Tax Credit Program (NMTC Program)
- Housing and Economic Recovery Act of 2008
  - Capital Magnet Fund (CMF)
- Small Business Jobs Act of 2010
  - CDFI Bond Guarantee Program (BG Program)
- Dodd-Frank Wall Street Reform and Consumer Protection Act
  - Small Dollar Loan Program (SDL Program)
- Consolidated Appropriations Act of 2021
  - CDFI Equitable Recovery Program (CDFI ERP)
  - CDFI Rapid Response Program (CDFI RRP)

# What is a Community Development Financial Institution (CDFI)?



- CDFIs are community-based organizations that expand economic opportunity in low-income communities and provide financial products and services to individuals and businesses often underserved by traditional financial institutions.
- CDFIs help families finance their first homes, support small and start-up businesses, establish and rebuild credit histories, and invest in local health, education, and community facilities, as well as provide financial services and training.
- CDFIs include banks, credit unions, loan funds, and venture capital funds.



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# CDFI Certification



- The CDFI Fund is responsible for certifying CDFIs in accordance with the statutory requirements outlined in the Riegle Community Development and Regulatory Improvement Act of 1994 and supporting regulations.
- Certification as a CDFI is required to participate in most CDFI Fund programs.
- The CDFI Fund verifies that an organization meets certification requirements through a series of validations and tests in the Certification Application.
- The CDFI Fund uses a standardized application form to collect information and data, submitted through its Awards Management Information System (AMIS), necessary to make a certification determination.
- On an annual basis, CDFIs are required to confirm they continue to meet certification requirements, as well as report on their yearly lending and investment activity, through submission of the Annual Certification and Data Collection Report (ACR).

# CDFI Certification



- To become a Certified CDFI, an organization must submit a CDFI Certification Application to the CDFI Fund for review and approval. The organization must demonstrate it meets each of the following requirements at the time of application:
  - Be a legal entity;
  - Have a primary mission of promoting community development;
  - Be a financing entity;
  - Primarily serve one or more Target Markets;
  - Provide Development Services in conjunction with its financing activities;
  - Maintain accountability to its defined Target Market(s); and
  - Be a non-government entity and not under control of any government entity (Tribal governments excluded).

# CDFI Fund Review of Certification Policy



- CDFIs have evolved over the past two decades in scope, scale, and sophistication.
  - The number of Certified CDFIs has grown from 196 in 1997 to nearly 1,500 today, with more than \$300 billion in total assets.
  - CDFI Certification is a qualifier for other Federal, State, and local government and private sector programs and benefits.
  - The types of CDFI Financial Products and Financial Services have expanded, as has the use of technology to increase market reach.

# Review of CDFI Certification



- Accordingly, the CDFI Fund undertook a review of the CDFI Certification Application to ensure it is responsive to the evolving nature of CDFIs and sufficiently protects government resources.
- Specifically the revisions to the Application are meant to
  - Support the growth and reach of CDFIs, especially as it relates to their ability to innovate and take advantage of new technologies.
  - Continue to foster a diversity of CDFI types, activities, and geographies.
  - Minimize administrative burden on CDFIs, while improving data quality and collection methods.
  - Promote efficiency for CDFI Fund staff in rendering CDFI Certification determinations.

# CDFI Fund Review of Certification Policy



- To assist the CDFI Fund in its review and garner public input, a Request for Information (RFI) was published in January 2017 seeking comments on current CDFI Certification policies and procedures.
- The public responded to the RFI with 28 letters containing over 200 pages of comments.
- Based on input provided through the RFI, the CDFI Fund developed an initial draft of a revised Certification Application and its related tools that it released for public review and comment in May 2020.

# CDFI Fund Review of Certification Policy



- In response to the May 2020 request for public comment, the CDFI Fund received 55 letters with more than 600 individual comments on the Application and its related tools.
- The CDFI Fund spent nearly two years reviewing and adjudicating comments and recommendations, and OMB published a revised Application for a final round of comments in November 2022 and the revised ACR and abbreviated TLR for final round of comments in December 2022.
- A total of 275 letters with nearly 1,200 individual comments were submitted in response to this final solicitation of public input with an additional 40 letters and 442 individual comments submitted on the ACR and abbreviated TLR.
- The CDFI Fund thoroughly reviewed these comments and made substantive revisions to the Certification Application, and its accompanying tools that were submitted for review and approval to OMB.

# Presentation Roadmap



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# Changes to the ACR and TLR



## Transaction Level Report: Overview

- In general, the purpose of the Transaction Level Report (TLR) is to:
  - Ensure award compliance for CDFI/NACA Financial Assistance, CDFI ERP or CDFI RRP Award Recipients.
  - Provide a method to evaluate the extent to which Certified CDFIs serve distressed areas and underserved populations.
  - Enhance the quantitative evaluation of Certified CDFIs and CDFI Certification Applications.
  - Support the new CDFI Certification Application and the ACR by replacing unverifiable summary information regarding lending and investments in Target Markets with transactional data.

# Changes to the ACR and TLR



## Transaction Level Report: Overview

- The primary function of the abbreviated TLR is to:
  - Provide a method to evaluate the extent to which CDFI Certification Applicants serve proposed Target Market(s) and Certified CDFIs serve approved Target Market(s).
  - Capture information on all loans and investments that the CDFI Certification Applicant or Certified CDFI originated or purchased during the reporting period, as determined by its Certification Application or, for Certified CDFIs, by its Fiscal Year End.
  - Build from Certified CDFIs' familiarity with the existing CDFI Program and NACA Program TLR and its various reporting forms/templates.
- CDFI Certification Applicants and Certified CDFIs that do not have an active Assistance Agreement for a CDFI Program, NACA Program, CDFI ERP, or CDFI RRP award will be required to report on new transactions closed during the most recently completed fiscal year in the abbreviated TLR.

# Changes to the ACR and TLR



## Summary of TLR Revisions

### Current TLR Form

- Used for award compliance reporting and research purposes only.
- Consists of the TLR and the Consumer Loan Report (CLR).
- CLR requires entities to report an overall OTP activity.

### New TLR Form

- Used for Target Market activity verification in addition to existing uses.
- New data fields capture Target Market activity as well as Climate-Centered Financing.
- CLR will require entities to report counts and dollar amounts for individual OTP categories.
- Has two new tables– Financial Services Table & Loan Purchases Table.
- Creation of the new *abbreviated* TLR form–to collect data from Certified CDFIs without active Assistance Agreements and organizations applying for CDFI Certification.

# Changes to the ACR and TLR



Below are the 29 data points that comprise the abbreviated TLR

- CDFI Certification Applicants and Certified CDFIs that are not current award recipients would potentially see all in their TLR form.
- The number of data points will vary based on the transaction type.
- A total of 27 of the data points are from the CDFI/NACA/RRP Program TLR collected through AMIS.

TLR Submission Year	Interest Rate	Hispanic Origin
Date Originated	Forgivable Loan	Low-Income Status
Original Loan/Investment Amount	Equity-Like Features	Other Targeted Populations
Purpose	Client ID	Description of Other Approved OTP
Climate-Centered Purpose	Investee/Borrower Type	IA End Users
Transaction Type	Entity Structure	LITP End Users
Loan Status	Minority Owned or Controlled	OTP End Users
Originator Transaction ID	Women Owned or Controlled	Description of Other Approved OTP-End Users
Points	Low-Income Owned or Controlled	Designated Target Market Type
Origination Fees	Race	

# Changes to the ACR and TLR



## TLR Submission Process: Certification Application

- New CDFI Certification Applicants will complete and submit an abbreviated version of the existing CDFI/NACA Program TLR prior to the submission of their CDFI Certification Application.
- The abbreviated TLR will be used to assess applicable Target Market percentage benchmarks in the Applicant's proposed Target Market(s).
- Applicants must report on origination activity for their most recently completed fiscal year prior to the submission of their CDFI Certification Application.

# Changes to the ACR and TLR



## TLR Submission Process: ACR

- All Certified CDFIs will be required to submit their TLR records prior to their ACR submission.
- New CDFI Certification Applicants, and Certified CDFIs will be required to submit an abbreviated version of the existing TLR with their ACR if they do not have an active:
  - CDFI Program Financial Assistance (FA) Assistance Agreement;
  - NACA Program FA Assistance Agreement;
  - CDFI Rapid Response Program Assistance Agreement; or
  - CDFI Equitable Recovery Program Assistance Agreement.
- Certified CDFIs that are current CDFI/NACA FA, CDFI ERP or CDFI RRP recipients will be required to submit a TLR based upon their existing submission calendar outlined in their Assistance Agreement(s) with their ACR.

# Changes to the ACR and TLR



## ACR: Overview

- The CDFI Fund's ACR is used to ensure that Certified CDFIs continue to meet the requirements of Certification.
- Certified CDFIs are required to submit an ACR on an annual basis through AMIS.
- The data collected also allows the CDFI Fund to gain insight on the CDFI industry.
- The current ACR consists of four sections collecting information on the organization, financial data, financial products portfolio, and development services.

# Changes to the ACR and TLR



## Summary of ACR Revisions - Structure

Current ACR Form:

- Four sections:
  - Section 1: CDFI Annual Certification Report Detail
  - Section 2: Development Services Detail
  - Section 3: Financial Data Detail
  - Section 4: Financial Products Portfolio Breakdown Detail

New ACR Form:

- Seven sections. The three new sections are:
  - Section 5: Source of Investment Capital Table
  - Section 6: Contributed Operating Revenue Table
  - Section 7: Loans and Leases Table
- Addition of “Eligibility Determination” section prior to Section 1 modeled after the one in the Certification Application.



# Changes to the ACR and TLR



## New Section 5: Sources of Investment Capital Table

- Consists of 11 new data fields:
  - CDFI Annual Certification Report (Auto-generated in AMIS);
  - Source of Investment Capital Table ID (Auto-generated in AMIS);
  - Type of Capital (Select from picklist);
  - Source of Capital (Select from picklist);
  - If Type is Other Source of Capital, Describe;
  - Amount;
  - Interest Rate;
  - Origination Date;
  - Maturity Date;
  - Remaining Term; and
  - Multiple Dates.
- Reporting Entities must list at least one investment source in their ACR submission.

# Changes to the ACR and TLR



## New Section 6: Contributed Operating Revenue Table

- Consists of four data fields:
  - CDFI Annual Certification Report (Auto-generated in AMIS);
  - Contributed Operating Revenue Table ID (Auto-generated in AMIS)
  - Type of Donor (Select from picklist)
  - Amount
- Reporting Entities must have at least one revenue source entry for ACR submission.

# Changes to the ACR and TLR



## New Section 7: Loans and Leases Table

- All reporting entities will provide the weighted (dollar amount) average interest rate, total number and total amount for each type of loan or lease as of the last day of the reporting entity's most recently ended fiscal year.
- Data points on the type of loan or lease will vary by financial institution type.
- Federal regulator call report data will be used to populate select data points for banks and thrifts, credit unions, and Depository Institutions Holding Companies.

# Changes to the ACR and TLR



## Summary of ACR Revisions – Submission Deadline

### Current ACR Form:

- Submission is due 90 days after the reporting entity's most recent fiscal year ends.

### New ACR Form:

- Submission is due 180 days after the reporting entity's most recent fiscal year ends.

# Changes to the ACR and TLR



## Summary of ACR Revisions – Use of Other Public Data

### Current ACR Form:

- Use of regulator call report data restricted to banks and thrifts and credit unions.
- Thirteen (13) data fields in the Financial Data Detail section are populated by call report data for at least one financial institution type.

### New ACR Form:

- Use of regulator call report data expanded to depository institution holding companies with future plan for cooperativas.
- 27 data fields in in the Financial Data Detail section are populated by call report data for at least one financial institution type.
- Use of regulator call report data to populate the new Loans and Leases Table for credit unions, banks and thrifts, and depository institution holding companies.

# Changes to the ACR and TLR



## Summary of ACR Revisions – Existing Data Field Changes

### Current ACR Form:

- Primary and Secondary Business Line questions are self-reported and based on dollar volume of activity.
- Questions in the Human Resources and Staffing; Strategic Plan; Governance; Management Information Systems; Legal; Organizational Structure; Credit and Portfolio Management are optional for all Certified CDFIs.
- Target Market Activity answered via attestation question.

### New ACR Form:

- Primary and Secondary Business Line questions are populated based on TLR results and reported based on dollar volume of activity as well as total number.
- Questions in the Human Resources and Staffing; Strategic Plan; Governance; Management Information Systems; Legal; Organizational Structure; Credit and Portfolio Management are now required of all Certified CDFIs.
- Target Market Activity confirmed via attestation based on TLR results.

# Changes to the ACR and TLR



## Summary of ACR Revisions – New Data Fields

New to the ACR Form:

- Minority Depository Institution indicator data field.
- Demographic make-up of CDFI governing leadership and executive-level staff.
- Data fields to track Affiliates, Spinoff Entities and their activities.
- Questions on Community Development Objectives and Goals in the Primary Mission subsection.
- Addition of a Responsible Financing Practices subsection, as well as Native American CDFI Designation subsection.

# Changes to the ACR and TLR



## Conclusion

- The CDFI Fund recognizes the extension of transaction level reporting to all CDFIs creates an additional burden for many CDFIs.
- There are significant benefits to the CDFI Fund and to the CDFI industry with this universal level of reporting including:
  - Ability to better identify gaps in CDFI financing (geography and product type).
  - Enhance CDFI accountability and maintain a high standard for CDFI Certification.
  - Present a more complete picture of the impact of the industry leading to potential new and additional investment in CDFIs.



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# Additional Information



- The CDFI Fund opened the CDFI Certification Application AMIS submission portal on December 21, 2023.
- Only non-certified organizations are able to immediately apply for CDFI Certification at this time.
- Submission deadline for notification of intent to submit an early reapplication is February 1, 2024. It must be received by the CDFI Fund via an AMIS Service Request no later than 11:59 pm ET.
- Monthly Certification conference call will resume February 15<sup>th</sup> at 3pm ET.
- Quarterly ACR conference call will resume March 7<sup>th</sup> at 3pm ET.
- All currently Certified CDFIs are required to reapply for Certification using the revised version of the Certification Application by December 20, 2024.

# Additional Information



- For questions about CDFI Certification contact the CDFI Fund's Office of Certification Policy and Evaluation via email at [ccme@cdfi.treas.gov](mailto:ccme@cdfi.treas.gov) or AMIS Service Request.
- For questions about the ACR or TLR contact the CDFI Fund's Office of Financial Strategies and Research via [cdfi-financialstrategiesandresearch@cdfi.treas.gov](mailto:cdfi-financialstrategiesandresearch@cdfi.treas.gov) or AMIS Service Request.
- Detailed guidance information is also available in a Frequently Asked Questions (FAQs) document available on the CDFI Fund website at <https://www.cdfifund.gov/programs-training/certification/cdfi/apply-step> please check this page regularly for updated information.