



## SONES & WHITE

CONSULTANTS

April 8, 2022

*Via Email Only*

Ms. Heather Hunt  
Program Manager  
Office of Compliance Monitoring and Evaluation  
CDFI Fund  
U.S. Department of the Treasury  
ccme@cdfi.treas.gov

**Re: Comments on the CDFI Fund's Certification of Material Events Form**

Dear Ms. Hunt:

Sones & White Consulting (SWC) respectfully submits the following comments in response to the Fund's Notice of Information Collection and Request for Public Comment published in the Federal Register on February 7, 2022. SWC is a consulting firm headquartered in Mississippi. We are writing on behalf of our firm and the 68 community banks and 63 bank holding companies to which we provide CDFI consulting services across Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, South Carolina, Tennessee, and Texas. Our consultants have assisted banks and their holding companies in preparing many Material Events Forms.

We are thankful for the opportunity to comment on the CDFI Fund's Certification of Material Events Form and appreciate how responsive the Fund has always been to questions and concerns from the CDFI industry. We also want to acknowledge the CDFI Fund's extraordinarily busy season over the past two years and appreciate your dedication to promoting community development in our nation's distressed communities.

We have the following comments concerning the CDFI Fund's Certification of the Material Events Form (CME):

(a) "...whether the collection of information is necessary for the proper performance of the functions of the CDFI Fund, including whether the information shall have practical utility..."

- We believe the Fund could better tailor CMEs to the specific program's Award Agreements. For example, all certified CDFIs must submit an Annual Certification and Data Collection Report asserting that at least 60% of transactions were in the Target Market. In the case of a merger or acquisition, the bank will either confirm that the activities from the acquired bank are in its Target Market, or the organization will submit a Target Market Modification application to expand its Target Market to include the acquired bank's areas of activity. Thus, a CME to notify the Fund of a merger/acquisition is unnecessary and duplicative. Additionally, if an authorized representative leaves the bank and needs to be removed from the AMIS interface, this is done through a simple Service Request. Likewise, if the organization hires a new key staff member who needs to be an authorized representative in AMIS, the individual may be added. Neither of these types of personnel changes will affect the organization's ability to comply with an award agreement, and we do not see the utility in requiring that a CME be submitted.
- In 2021, the CDFI Fund started requesting that CMEs for notification of a change in key personnel be accompanied by bios or resumes. The initial versions of award/assistance agreements in 2021 contained language requiring institutions to obtain the CDFI Fund's approval of a change in certain personnel. But that language was removed after CDFIs raised a host of issues with including such a provision. Our understanding is that CDFIs are only required to provide \*notice\* of the change in personnel when completing the Material Events form, so we are not sure why we have been required to upload bios or resumes. We believe this is an unnecessary step, without much practical utility.

(b) "...the accuracy of the CDFI Fund's estimate of the burden of the collection of information..."

- Because we provide CDFI consulting services to almost 70 banks and over 60 bank holding companies, completing these Material Event Forms requires much time. The authorized representative for these entities is often the president, CEO, and/or CFO, and gathering the information from the client and getting signatures from these individuals can be time-consuming. We believe implementing an online form would greatly reduce the burden of the collection of the information.
- Additionally, an extension of the 30-day window to 90 days would be helpful. Implementing procedures and controls to monitor for "material events" in a way that ensures reporting within 30 days is burdensome.
- Items to be reported on the CME should be limited only to those directly related to program compliance and CDFI eligibility criteria. Every CME reporting obligation

generates a corresponding tracking and monitoring obligation for the CDFI, including the need to have procedures and controls in place for capturing all CME-triggering events. Since events must be reported within 30 days after the occurrence of the event, these monitoring procedures and controls must be adapted to a monthly rhythm. This is burdensome for CDFIs, and these requirements should be narrowly tailored to capture only those events that are truly material.

(c) "...ways to enhance the quality, utility, and clarity of the information to be collected..."

- As indicated elsewhere in this letter, we would submit that (1) the collection of information should be tailored to those events that have a direct bearing on program eligibility and compliance and (2) an online form with no physical signature requirement should be implemented.

(d) "...ways to minimize the burden of the collection of information on respondents, including through the use of technology"

- We believe an online form and submission would make the CME process much more convenient for the drafter and the reviewer. The current process of filling out the PDF, receiving the authorized representative's signature, creating a Service Request, and uploading the CME file, is tedious. If the authorized representative could log into AMIS and submit the form directly, this would greatly expedite the process. This would allow the reviewer to access the CME immediately instead of viewing the Service Request and then opening the CME attachments.
- As we represent almost 70 banks and over 60 holding companies, we also recommend the ability to add a "Point of Contact" to the CME form if it could be completed online. This would allow SWC to be contacted with additional questions along with the organization's authorized representative.
- In the current state, when submitting a Material Events Form via Service Request, you must select the program impacted by the form. Many of our clients have multiple awards in differing programs, so we must submit the same CME multiple times in different Service Requests selecting different programs. If the form was completed directly in the AMIS interface, the organization's awards could be integrated to the form. This would allow the organization to submit one CME and select each affected award across different programs.

In conclusion, Sones & White Consulting greatly appreciates the opportunity to provide comments and feedback from the perspective of this firm and its many CDFI bank clients, and we look forward to further discussion of these issues.

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If you have any questions, or if we may be of further assistance, please do not hesitate to contact Ben Sones or Everett White at 601.790.1500 or [bsones@soneswhite.com](mailto:bsones@soneswhite.com) and [ewhite@soneswhite.com](mailto:ewhite@soneswhite.com).

With kindest regards,

SONES & WHITE CONSULTING, LLC

A handwritten signature in blue ink that reads "Ben Sones".

Ben Sones  
Member

A handwritten signature in blue ink that reads "Everett White".

Everett White  
Member