

From: [Harris, Jodie](#)
To: [Merkowitz, Jeff](#); [Dickens, Michelle](#)
Subject: FW: Comments on Proposed Annual Certification Report (ACR) and Certification Transaction Level Report (CTLR)
Date: Tuesday, October 20, 2020 6:40:23 PM

FYI. Not sure if Greg sent this on.

From: Pam Fleurette <PFleurette@tidemarkfcu.org>
Sent: Tuesday, October 20, 2020 2:25 PM
To: CDFI-Financial Strategies and Research <CDFI-FinancialStrategiesandResearch@cdfi.treas.gov>
Cc: Harris, Jodie <HarrisJ@cdfi.treas.gov>; cmahon@inclusiv.org
Subject: [EXTERNAL]Comments on Proposed Annual Certification Report (ACR) and Certification Transaction Level Report (CTLR)

October 20, 2020

Greg Bischak
Financial Strategies and Research Program Manager
CDFI Fund
Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Email: CDFI-FinancialStrategiesandResearch@cdfi.treas.gov

Subj: Comments on Proposed Annual Certification Report (ACR) and Certification Transaction Level Report (CTLR)

Dear Mr. Bischak:

On behalf of Tidemark Federal Credit Union, i would like to thank you for this opportunity to submit comments on the notice of information collection and request for public comment published by the CDFI fund in the federal register on May 7, 2020. As a certified CDFI serving Tidemark Federal Credit Union members in Sussex County, DE and Worcester, Wicomico and Somerset Counties, MD, we recognize the need for accurate data for the purposes of CDFI certification and recertification. We also strongly believe that data collection should be:

- strictly limited to information required for specific and identifiable business purposes;
- proportionate to participation in (and benefits from) CDFI programs; and,
- safe and secure to ensure the confidentiality of sensitive consumer information.

We are deeply concerned that the proposed data collection fails to meet these standards and, if implemented, would render CDFI Certification unsustainable for ourselves and for countless credit unions across the country. The letter below summarizes our specific concerns and proposes practical alternatives to strengthen compliance and promote continued credit union participation in the CDFI movement.

Major Concerns

As a regulated CDFI, Tidemark Federal Credit Union has extensive experience with complex and secure reporting. Every quarter we provide more than 2,000 fields of financial data for our 5300 call reports; every NCUA examination requires that we provide detailed and confidential account-level AIREs data through highly secure channels. In return for these complex reports, our credit union receives a clear and commensurate benefit; deposit insurance up to \$250,000 on each and every member account. We also receive assurance from our regulator that confidential member data will be protected, but no cyber security system is impenetrable; NCUA itself has experienced data breaches of confidential member information.

The CDFI Fund has proposed that all CDFIs submit detailed data on every loan transaction every year simply to retain certification. The proposed Certification Transaction Level Report (CTLR) would require the upload of a single file that contains sensitive data on member home locations and financial transactions. While the CDFI Fund promises that “transactional address and latitude and longitude data will be purged” to protect confidentiality, the risk of a data breach is a real and present danger. Credit unions simply cannot risk the irreparable harm that would result from such a breach merely for the privilege of CDFI certification.

And certification alone is the sole benefit of this process: Financial Assistance (FA) awardees that submit grant reports would be exempt from the ACR. In other words, the CDFI Fund proposal would impose its most costly and risky transaction-level reporting requirements on CDFIs that – by definition – have received the least benefits from their certification. These costs would fall disproportionately on small and minority designated (MDI) credit unions.

Fortunately, there is an alternative.

A Better Way

First, to address concerns about data security, the CDFI Fund should design its enhanced mapping system to provide Investment Area (IA) and Low Income Targeted Population (LITP) classifications based on a simple upload of addresses – without any loan data of any kind. This would eliminate any risk to sensitive consumer information. It also would help CDFIs to identify, track and manage activities and impacts in CDFI Target Markets – a clear benefit to the field. To further protect consumer privacy, any consumer loan activity should not be reported as individual transactions, but rather in aggregate at the census tract level, as is currently required for FA Consumer Loan Reports (CLRs).

Second, we believe a more efficient and equitable reporting system must be appropriately scaled for three categories of CDFIs:

1. **FA Awardees**: FA awards provide significant capital and require a significant degree of transaction-level reporting for grant compliance. As proposed by the CDFI Fund, we agree that FA awardees therefore be exempt from a second transaction-level report for annual recertification.

2. **Non-FA Awardees that intend to apply for FA:** CDFIs that wish to apply for FA can reasonably be asked to provide more detailed activity data for the review of their FA application. This supplemental data should be aggregated at the census tract level, as is done with the CLR.
3. **Non-FA Awardees that do not intend to apply for FA:** CDFIs that do not intend to apply for FA should be able to recertify by submitting a streamlined ACR with data on target market lending activities aggregated at the institutional level.

Tidemark Federal Credit Union believes that a reporting system structured along these lines would protect consumer information, ensure compliance and provide the CDFI Fund and industry with the data needed to expand our reach and impact.

Again, many thanks for this opportunity.

Sincerely,

Pamela A. Fleurette
CEO
Tidemark Federal Credit Union

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