



November 5, 2020

Ms. Tanya McInnis
Program Manager for the Office of Certification, Compliance and Evaluation
Community Development Financial Institutions Fund
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Comments on the Proposed CDFI Certification Application, the Annual Certification and Data Collection Report, and the Certification Transaction Level Report

Dear Ms. McInnis:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the Community Development Financial Institutions (CDFI) Fund's proposed certification application, the annual certification collection report, and the certification transaction level report. The ICUL's member credit unions represent 99% of assets and members of Indiana's federally and state-chartered credit unions, with those memberships totaling more than 2.6 million consumers. As an organization that represents eight community development credit unions, we continue to look for ways to streamline and ease their compliance burden.

ICUL commends CDFI Funds' policy objectives particularly to minimize the burden of CDFIs, fostering diversity, and supporting CDFIs growth. We do understand the desire to protect the CDFI brand and staff efficiency; however, the initial certification process already leads some credit unions to obtaining third-party assistance because of its complexity. We understand it is difficult to balance oversight with expanding the CDFI availability to distressed communities. Our desire is to simplify the process even further for financial institutions. Credit unions are especially member-focused financial institutions, and many serve low-income or underserved communities.

The information requested can be streamlined even further by simply recognizing credit unions are democratically controlled, people-helping-people-focused financial institutions, and their boards are elected by their members, not by outsiders or individuals seeking profit. This is a matter of either federal or state law, and CDFI Fund should eliminate the information requirements ranging from primary mission, accountability, bylaws, etc. In addition, NCUA has a low-income designation (LID) classification for credit unions that meet certain membership criteria. A federal credit union qualifies for LID when a majority of its membership (50% + one member) qualifies as low-income members. We understand that CDFI Fund recognizes the LID classification by simplifying the initial and annual certification process/information, and NCUA even assists with processing information to help streamline the certification. We ask the CDFI Fund to reevaluate the magnitude of information that is needed from these credit unions and remove burdens, so these credit unions can serve these communities.

ICUL also strongly opposes the proposed use of the Military Annual Percentage Rate (MAPR). The MAPR is only required for borrowers that are active-duty servicemembers or dependents. Many credit

unions manually calculate this number. To mandate this on all loans would be a significant burden and unnecessary because financial institutions are already adhering to Regulation Z when calculating an annual percentage rate (APR). The calculation is automated and incorporated into the borrowers account files. Also, federal credit unions already have a usury cap (currently 18 percent) determined by the Federal Credit Union Act. NCUA does allow small-dollar Payday Alternative Loans which are capped at 28 percent. These loans have very stringent restrictions and are typically under \$1,000. We share this because adding MAPR requirement is unnecessary for credit unions and would be burdensome.

We appreciate the opportunity to comment, and we ask the CDFI Fund to consider our comments as discussed above. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive, flowing style.

John McKenzie
President, Indiana Credit Union League