AFSA
AMERICAN FINANCIAL SERVICES ASSOCIATION

August 25, 2025

Ms. Heather Hunt
Program Manager, Office of Compliance Monitoring and Evaluation
U.S. Department of the Treasury, CDFI Fund
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Re: Request for Comments re Material Events Form

Dear Ms. Hunt:

The American Financial Services Association (AFSA)[1] appreciates the opportunity to provide comments on the Consumer Development Financial Institutions Fund (CDFI) Certification of Material Events Form. AFSA understands the necessity of a mechanism to ensure that recipients of government funding remain in compliance with the terms and conditions of that funding.

That being said, the general eligibility conditions relating to CDFI funding are improper, as they seek to create an arbitrary federal usury limit of 36% using the Military Annual Percentage Rate (MAPR) standard to exclude law-abiding creditors from receiving CDFI funding. The CDFI eligibility criteria state that institutions offering credit at interest rates higher than 36% MAPR and including the following attributes are ineligible for program participation:

- the loans have an annual default rate over five percent;
- the loans in question include a leveraged payment mechanism;
- any such loans of $1,000 or less have repayment timeframes that exceed 12 months;
- for a period of 12 full months after the issuance of any such loan, the Applicant does not waive any upfront fees for any refinance or new loan issued to the same borrower;
- of the loan or pro rata refundable in the event of early repayment (including through a refinance); or
- all payments on any such installment loans are not substantially equal and do not amortize smoothly to a zero balance by the end of the loan term;[2]

Based on its published writings, it seems the CDFI has made its own determination that there is something improper with loans that include the features described above. Making such a decision

[1] Founded in 1916, the American Financial Services Association (AFSA) is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance.
[2] CDFI Certification Application FAQs (accessed August 13, 2025 at https://www.cdfifund.gov/programs-training/certification/cdfi/application-faqs).

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is a gross overreach. Extensions of credit are primarily regulated under state law. States are the source of usury limits and substantive guardrails for terms and conditions of credit. While the Military Lending Act refers to a 36% MAPR limit, that statute has limited applicability to consumers who serve in the military and their dependents. The CDFI attempts to punish lenders making loans with features the CDFI does not like, even though those features may be completely legal under the laws applicable to the lenders.

AFSA urges the CDFI to review its eligibility criteria for its programs. It is understandable to limit eligibility to companies that are compliant with applicable state and/or federal laws. There is no excuse for CDFI to invent new limitations without any authority to do so.

Philip Bohi
General Counsel
American Financial Services Association

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