



September 27, 2011

Ms. Erin McKeVitt
Acting Certification, Compliance Monitoring and Evaluation Manager
Community Development Financial Institutions Fund
US Department of the Treasury
601 13th Street N.W., Suite 200 South
Washington DC 20005

Dear Ms. McKeVitt:

Re: Request for Comment on Information Collection under the Paperwork Reduction Act concerning the CDFI Certification/Recertification Program – OMB Number 1559-0028

The CDFI Coalition appreciates the opportunity to provide comments on the continuation of the information collections related to the CDFI Certification application.

The Federal Register Notice invited comments on 6 items:

- (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;
- (b) the accuracy of the CDFI Fund's estimate of the burden of the collection of information;
- (c) ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) ways to minimize the burden of the collection of information on respondents, including through the use of technology;
- (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information; and
- (f) ways to minimize the burden of creating maps with contiguous census tracts as a requirement for Investment Area Target Markets.

We do not support extension of the current information collection through the CDFI Certification application in light of its burden to both applicants and CDFI Fund staff, as well as the inefficiencies that it creates due to the inability to capture, analyze, and make public certain information provided in the application. The current format of the application precludes the CDFI Fund, the applicant and Certified CDFIs, or members of the public to benefit from the information collection. We recommend that the application and the Certification process be substantially changed, and as soon as possible.

Our recommendation is based on the fact that the CDFI Certification Application is an entirely paper-based application which would require manual data entry to capture and preserve the data for other uses. This would be very labor intensive, and unnecessary in light of the availability of web-based and other information technology tools.

As noted in our May 7, 2010 letter to the Fund on the CDFI Fund's authorizing statute (attached), we believe that the CDFI Certification process, including Recertification, must be re-designed as a web-based

application process through which data submitted by the applicant CDFI becomes the initial data set for each CDFI, preservable for other uses within the CDFI Fund, and used as a single comprehensive database on certified CDFIs. The current, manual-entry paper-based process makes the CDFI Certification process highly inefficient. We recommend that the Fund convert the Certification application to an electronic format, and in addition, amend its Certification application and materials to make portions of the application specific to the various types of CDFIs (e.g. banks, thrifts, credit unions, non-profit and for-profit loan funds, venture funds). Given the differences between types of CDFIs, it difficult to use a one-size-fits-all certification application.

As the current Certification application cannot collect or preserve data in an electronic format, it is not possible to use the existing format for Recertification. Instead, an entirely new submission, again all manually-entered via paper, is required. We recommend changes to the Certification process which could reduce the burden on applicants, minimize the effort required for the Recertification process, reduce the burden on the Fund staff, and shorten the time to certify a CDFI.

Certification Status: First, rather than have periodic Recertification submissions, we recommend that the Certification designation be confirmed annually. We believe that the CDFI Fund could ensure continued eligibility as a Certified CDFI more efficiently through a combination of requiring program applicants to file the Material Events form currently in use, coupled with a simple annual data report, together with customary compliance and monitoring oversight by the CDFI Fund staff.

As we suggested in our letter regarding the Fund's authorizing statute, a modest annual data collection from each Certified CDFI would enable the Fund to obtain updated information on a CDFI's basic information, including an annual statement that it continues to meet threshold certification requirements. This would be supplemented at the time any certified CDFI applies for funding through the Fund's competitive grant programs through the Material Events form. Last, through traditional annual reviews by the CDFI Fund's Compliance, Monitoring and Evaluation office, the Fund can request the underlying supporting data on a sampling basis, or if facts otherwise come to the Fund's attention that calls a CDFI's Certification status into question. Through such mechanisms the Fund can identify any CDFIs that are not compliant with their Certification requirements and take appropriate corrective action, including de-certifying a CDFI.

Establishment of Target Market: Second, we recommend that CDFIs be able to establish their target market without being required to map them as is currently required. The CDFI Coalition believes that the Target Market a CDFI plans to serve could be established on a more efficient basis than the current mapping system requires. This is especially true as CDFIs serve not only geographically identified Target Markets but also Other Targeted Populations that are not geography-based. We recommend that CDFIs use the same mechanisms that Community Development Entities use with respect to the New Markets Tax Credit Program. Under that program, applicant CDEs identify local service areas (county or PMSA), a statewide or territory-wide area, a multi-state area, or a national market. CDFIs could similarly identify their proposed markets, and could serve Other Targeted Populations throughout the identified market, as well as provide lending and investing in qualified counties or census tracts that meet the Investment Area requirements. This would convert the mapping system to a tool for CDFIs to use to determine if a particular area meets the Investment Area definition rather than as the determinant of the service area. In particular, we believe that there is no benefit to retaining the requirement that a CDFI must serve contiguous geographic units.

Data Collection Should Serve Multiple Purposes: Third, we recommend that the CDFI Fund maximize its use of the data collected initially and through the annual reports. The current application format prevents the Fund from collecting data that could be used for other purposes, thus requiring duplicative data to be

provided by CDFIs as they interact with the Fund on multiple programs or reports. For example, data provided in the Certification application might auto populate a CDFI FA, TA, NACA, or other competitive application the Fund offers, or it might be used for required CIIS reports. The data provided in the Certification application/annual reports could also be used to analyze the locations, levels of lending and asset sizes of CDFIs. Without capturing data in an electronic format, the opportunity to prepare even such basic analysis is not possible.

Data Collection Should Provide a Public Benefit: Fourth, we recommend that the Fund provide more tangible and complete information to the public. The current collection of information is an obstacle to low income persons and borrowers, including financial services consumers in underserved areas - it cannot be used to provide basic links to help determine if a CDFI might serve them. The public list of the organizational names for Certified CDFIs is not updated on any periodic basis and does not include a contact name, email addresses, or website address. In this digital world, members of the public do not find a simple street address, without more, sufficient. The CDFI Coalition receives many calls from businesses or consumers asking how they can find a CDFI in their area and we must tell them that the list of certified CDFIs may not be current and may not even have a phone number. By contrast, the NMTC Program's allocatee profiles, which are generated through electronically submitted data, provide a contact name, their email address, and a phone number. We suggest the list of Certified CDFIs provide this information, as well as a website address, as this will enable borrowers and customers to determine most easily the financial products and development services a particular CDFI provides.

We would note, in closing, that the Certification process is often the first point of contact with the CDFI Fund for a newly organizing group. A paper application which takes as much as a year to process does not do justice to our view of the CDFI Fund as an agency with a first rate staff and a whole-hearted commitment to increasing access to credit and capital to low income people and communities. Improving the Certification process would be a benefit for both the CDFI Fund and the public.

Sincerely,



Jeannine Jacokes
Chair

Attachment: CDFI Coalition Comment Letter on CDFI Fund Authorizing Statute

Current Members of the CDFI Coalition

ACCION USA
Aleutian Financial Inc.
Alternatives Federal Credit Union
Association for Enterprise Opportunity
California Association for Microenterprise Opportunity
Calvert Social Investment Foundation
Carsey Institute, New Hampshire University
Coastal Enterprises, Inc.
Community Development Bankers Association
Community Development Venture Capital Alliance
Community Investment Corporation
Community Reinvestment Fund
Community Ventures Corporation
Cooperative Fund of new England
Council for Native Hawaiian Advancement
El Paso Credit Union Affordable Housing
Enterprise Community Loan Fund
Finance Fund
First Nations Oweesta Corporation
Florida Community Loan Fund
Fresno Community Development Financial Institution
Idaho-Nevada CDFI, Inc.
IFF
J. Edward Knight & Company
Local Initiatives Support Corporation
Los Angeles LDC
Low Income Investment Fund
Lumbee Revitalization & Community Development, Inc.
Kentucky Highlands Investment Corporation
Mississippi Community Financial Access Coalition
Montana Community Development Corporation
National Community Investment Fund
National Development Council
National Federation of Community Development Credit Unions
National NeighborWorks Association
Neighborhood Housing Services of Dimmit County, Inc.
NeighborWorks America
NeighborWorks Capital
NeighborWorks Columbus
Nonprofit Finance Fund
North Carolina Minority Support Center
Northern Shores Loan Fund, Inc.
Ohio Capital Finance Corporation
Opportunity Finance Network
Opportunity Fund
Pacific Coast Regional Small Business Development
Pathstone Enterprise Center

Pathway Lending
PeopleFund
Progress Financial Corporation
Salt River Financial Services Institution
Santa Cruz Community Credit Union
Seedco Financial Services
Self-Help
Shreveport Federal Credit Union
Southern Bancorp
Sunrise Community Banks
Urban Partnership Bank
Valley Economic Development Corporation
Woodstock Institute

Individual Members:

Norman McLoughlin
Robert Hartman