



October 28, 2013

Mr. Greg Bischak
Program Manager for Financial Strategies and Research
Community Development Financial Institutions Fund
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
By email to cdfihelp@cdfi.treas.gov

Dear Greg:

Ariel Ventures, LLC thanks you in advance for the opportunity to provide input for CDFI Fund's Request for Public Comment on the Annual CIIS Report. Ariel Ventures, a minority and 100% women-owned firm, works with many Community Development Entities and Investors nationwide on NMTC compliance and reporting services and software; financial modeling and structuring; QALICB qualification; securing tax credits and investor syndication; public-private finance; loan servicing; accounting; and other NMTC services, as needed by CDEs, except for audit and tax. Over the last 11 years we have worked with CDEs, Investors and QALICBs on over \$1.5 billion of NMTC projects, in the areas of NMTC structuring, financial modeling and compliance. In 2003 we developed the first state of the art comprehensive NMTC compliance reporting and CDE management software application, which has been approved for integration with CDFI's CIIS since 2004, and used by multiple CDEs nationally for automating certain aspects of compliance, reporting, asset management and operations to improve efficiency while reducing costs.

The CDFI Fund has requested input on all aspects of the information collections, with particular attention on the areas outlined below. Overall, we believe that the CIIS ILR and TLR reporting is a critical and important aspect of the CDFI Fund's programs, as the reports provide the CDFI Fund with direct information on adherence to program requirements and allocation agreements, and with quantitative impact information that allows the CDFI Fund to report, with quantitative and substantial numerical support, on the success of each program and its impact on low-income communities and investment areas.

A. The cost for CDFIs and CDEs to operate and maintain the services and systems required to provide the required information:

The cost for CDFIs and CDEs to operate and maintain the services and systems to provide the required information could vary greatly, depending on the size of the award, number of projects financed, number of staff persons dedicated to compliance and reporting, systems and software used. Some of the CDEs and CDFIs gather and capture information in Excel spreadsheets, which could be cumbersome and not scalable as a CDE or CDFI grows. Ariel Ventures LLC has created

CDE and CDFI software that helps streamline data collection and capture information in CIIS-required format to simplify information gathering and reduce reporting time, and provides reporting features that generate reports for various stakeholders (Management, Investors, Lenders, CDFI, etc.). This allows the same data to be used for CDFI reporting, Investor reporting, QALICB financial reporting and impact data gathering, CDE management and compliance, reducing duplication and saving substantial time and cost to the CDEs.

B. Ways to enhance the quality, utility, and clarity of the information to be collected:

The quality, utility and clarity of the data could be enhanced through clear data definition and guidance which allows accurate and consistent data collection from various reporting entities. The CDFI Fund has vastly improved in this area through clearer guidance and definitions, and through the introduction of the Multi-CDE reporting number, which is designed to reduce data duplication, but further enhancement and better defining of parameters could provide increased consistency in reporting. For example, in NMTC reporting, there is considerable variation in the definition of the market comparable for Loan B. Some CDE's compare the subordinate Loan B to mezzanine financing, and use a market comparable of 15-20%, while others compare to typical market rates for low-income community loans, and may use the leverage loan rate as a comparable, which may be 4-7%. Another area is the inconsistency in the fee reporting, as some CDEs may not include 3rd party fees, others may not include QALICB finance & Legal fees etc. These variations become more complicated when the fees need to be divided and reported in a multi-CDE transaction. Some CDEs may report its own portion of fees, which may be more accurate, which others may combine all the fees and do pro-rata which may not be a true reflection of a particular CDEs fees.

C. Whether the collection of information is necessary for the proper evaluation of the effectiveness and impact of the CDFI Fund's programs, including whether the information shall have practical utility:

We feel the collection of the ILR and TLR data is necessary to ensure that allocatees and awardees are performing in a manner consistent with their award or allocation agreements with the CDFI Fund, and to maintain proper accountability. In addition, the project details and impact data are highly critical, since they help the CDFI Fund quantify the results of these programs and their impact on the lives of residents of low-income communities and investment areas.

D. The accuracy of the CDFI Fund's estimate of the burden of the collection of information:

The burden of data gathering varies greatly between the first year of reporting of projects, and subsequent annual reporting. The CIIS data gathering for the first year of reporting after project closing, has a substantial time burden, due to the initial transaction level and project level data gathering from all the closing documents, QALICB, Investors, and CDEs. The subsequent 6 Annual updates, on previously reported information, are significantly lower since only certain impact data are required to be updated on an annual basis. The total time required for an allocate to gather data varies greatly as it depends on the number of new projects closed in a given year, and the total number of projects being reported on.

E. Ways to minimize the burden of the collection of information including through the use of technology, such as software for internal accounting and geocoding to capture geographic detail while streamlining and aggregating transaction level reporting for upload to CIIS:

Technology and software greatly reduces the time for data collection, storage and reporting. In the initial year of reporting, significant amounts of data are gathered from closing documents. This is a one-time gathering, and in subsequent years only certain annual data updates are required. Utilizing software to gather and store this data and automating uploads to the CDFI Fund streamlines process and reduces reporting time, resulting in reduced costs and increased efficiencies.

F. What methods might be used to improve the data quality, internal accounting and efficiency of reporting transactions for serving other targeted populations:

Currently targeted populations are reported in TLR as a category in high distress criteria, but the underlying data that qualifies the project as a targeted population are not reported to CDFI. This data is captured in an AUP or QALICB qualification document, so is available for reporting to the CDFI Fund. Simple data tables can be used to capture the data that qualified the project as a targeted population project, such as identifying LIP jobs, LIP ownership, low-income persons served, etc.

Thank you again for the opportunity to provide comments and input on the Annual CIIS Report, and please let us know if you have any questions or would like additional clarification.

Sincerely,



Radhika Reddy
Partner

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