



## Via electronic and first class mail

December 3, 2014

David Meyer  
Program Manager  
Certification, Compliance Monitoring, and Evaluation  
Community Development Financial Institutions Fund  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20020

Dear Mr. Meyer:

Chicago Community Loan Fund (CCLF) is a CDFI serving six counties in the greater Chicago region. We appreciate the opportunity to provide comment on the CDFI Fund's certification application.

In the nearly twenty years since the CDFI Fund has certified CDFIs, the CDFI industry has matured and grown in sophistication. CDFIs use affiliates, subsidiaries, and other organizational structures to manage off-balance-sheet and limited and non-recourse financing activity and engage in innovative financing strategies. CDFIs often form subsidiaries and other structured finance vehicles to conduct specialized lending initiatives and segregate capital sources that have differing collateral or covenant requirements. These strategies and structures sometimes complicate a CDFI's ability to use and access resources for which certification defines eligibility.

The CDFI Fund's current practices that look at the "track record" of a certifiable CDFI in the financing entity and target market criteria preclude a CDFI from using an affiliate to deploy capital effectively through some of the CDFI Fund's own programs, as the affiliate might not have its own track record and would rely on its parent's. **In particular, the CDFI Bond Guarantee Program (BGP) could be more effective if the CDFI Fund streamlined its procedures for certifying affiliates or wholly-controlled subsidiaries of certified CDFIs.**

Chicago Community Loan Fund believes that the CDFI Fund can and should update its certification practices to reflect the innovative ways CDFIs do business, and that it can do so without compromising the CDFI "brand" that includes a true commitment to create opportunities for people and communities rich in ideas but with limited access to capital to execute them. **We recommend that the CDFI Fund Adopt policies and practices to streamline the certification of affiliates and subsidiaries of certified CDFIs.** As CDFIs have gained knowledge of the CDFI Bond Guarantee Program, it has become clear that the current processes for certifying CDFIs are incompatible with effective use of the program and fulfillment of Congressional intent to deploy the CBP proceeds through CDFIs.

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To fulfill the potential of the BGP, **we urge the Fund to streamline certification criteria and consideration for wholly-owned subsidiaries of existing certified CDFIs.** The Fund should look "through" to the track record and mission of the parent CDFI in certifying such entities. If the Fund has concerns about the overall implications of this approach for its programs, it could use this process immediately with the BGP as a "pilot" before adopting it for other Fund programs. A certification process that recognizes CDFIs' routine use of affiliates and subsidiaries is important to modernizing the Fund's practices, and is absolutely crucial for the success of the BGP and should be implemented in that program as soon as possible.

In 2011, as the CDFI Fund developed the Bond Guarantee Program, a group of CDFIs then called the "Bond Policy Group" offered suggestions on the participation of newly-formed CDFIs in the BGP. The recommendations made then are consistent with the proposal in this letter for the streamlined consideration of CDFI subsidiaries. Those comments called for the Fund to look closely at the mission and track record of potential certified CDFIs and their accountability both to low-income markets and to demonstrating impact. Using the track record, mission, and other aspects of the parent CDFI, which has met all certification tests and fully controls the subsidiary will ensure that these newly-certified affiliate CDFIs will meet those criteria.

Yours truly,



Calvin L. Holmes  
President