



Friday, June 23, 2017

Greg Bischak  
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CDFI Fund  
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DELIVERY VIA EMAIL

Subject: Public Comment Request on CIIS Annual Reports

Dear Mr. Bischak:

Craft3 would like to offer the following comments in response to the CDFI Fund's request for public comment, regarding the CIIS Annual Reports.

Craft3 is the largest non-profit certified Community Development Financial Institution (CDFI) revolving loan fund in our two-state service area of Washington and Oregon, with nearly \$200 million in capital under management targeted at strengthening economic, ecological and family resilience in Pacific Northwest communities. Since we were founded in 1994, we've invested over \$433 million in the region and leveraged an additional \$1 billion in capital investments, helping to create or retain 12,000 jobs. Our almost sixty employees are spread across seven offices throughout the region.

The CDFI Fund is critically important to CDFIs and the underserved communities they represent in supporting community and economic development projects across the country. Craft3 was first certified in 1997 and since that time has received \$12 million in financial assistance awards from the Fund. These awards have supported \$155 million in total asset growth. With each dollar from the Fund, Craft3 has leveraged \$12.92 from other sources to serve our Target Market. Craft3 values the CDFI Fund's programming and its commitment to compliance and certification to ensure that CDFIs that receive financial assistance maintain a primary mission to promote community development by providing financial products and services aimed at underserved communities and low-income people.

Below are the questions outlined in the public comment request, along with Craft3's response.

*Please note: the feedback provided below is based on prior year's reporting experience. If improvements have been made to the system since last year, it is unknown, because the request for feedback is due before this year's CIIS Report is due.*

- (a) The cost for CDFIs and CDEs to operate and maintain the services/systems required to provide the required information.
  - a. Craft3 maintains a very robust system of software programs and procedures to facilitate the collection, storage and reporting of its mission oriented metrics. As a non-profit whose focus is to provide capital to underserved communities, these are most likely metrics that Craft would collect whether a certified CDFI or not. So, it is not the cost to operate or maintain Craft3's systems that is deemed to be the primary cost of reporting; it is the time and effort it takes to report data in a less than friendly or inconsistent system. Below is a list of the issues Craft3 has experienced with the CIIS processes and system that creates extra time and inefficiencies with the process:



- i. Internet Explorer incompatibility and the need to download older versions of IE so that data can be uploaded.
- ii. Having to upload data in multiple batches due to a limit on the number of transactions allowed per download.
- iii. When a file is rejected, there is no explanation why, so it is up to the report creator to determine what may be wrong with the file.
- iv. The ILR has many tables that have to be manually filled in. Time could be reduced if there was an option to upload an Excel file, similar to the TLR data.

(b) Ways to enhance the quality, utility, and clarity of the information to be collected.

- a. Instructions for the ILR and TLR should be up-to-date and match the actual system requirements. It has been a common experience that the TLR instructions will say one thing on requirements for a certain field or import value, but it doesn't match what is actually required. This has resulted in times when Craft3 has setup an import spreadsheet based on the instructions only to find out that it is rejected because a different format is required, or the field is not actually required at all. Additional examples of issues with the instructions include:
  - i. Clarity in the instructions around when to report zeroes and when to leave a field blank.
  - ii. Clarity in the instructions around fields that will not accept zero for an answer.
  - iii. Better instructions around the X & Y coordinates; do we enter addresses in all the transactions that occurred prior to 2015?
  - iv. Zeroes are not allowed in the "Interest Rate" field, but there are times when zero is the correct response, so not allowing a zero makes the data reported erroneous.
  - v. When a new field is added it takes time for it to be reflected in the TLR template. It would be beneficial to be informed when the template has been updated.
  - vi. When errors to clear are received, before "Address Verification Passed," it would be helpful to be able to see what the errors are in that window. This would allow filtering by similar errors, and the ability to clear them sooner in the process.

(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 has practical utility.

- a. Per my response to question (a), Craft3, as a mission based organization, would collect the majority of the data that is required by the CDFI Fund whether a certified CDFI or not. If the information collected is deemed necessary by the Fund to evaluate the effectiveness of the Funds' programs, Craft3 is happy to provide that information to the Fund. We would only ask that the process to collect the data were done in a more efficient manner.

(d) The accuracy of the CDFI Fund's estimate of the burden of the collection of information.

- a. I'm not sure how to respond to this because I am not aware of what the CDFI Fund estimates the burden to be. Hopefully, the CDFI Fund is aware of the technical issues CDFIs experience with their systems and is in the process of bringing them up to date so they are more efficient. One suggestion would be to provide "smart" forms for template uploads. With the number of fields that are conditional based, a smart form would help eliminate errors or missed data, which would make the process more efficient and less time consuming.

(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 TLR reporting for upload to CIIS.



- a. See the response above – smart forms would provide the most efficient way of collecting data that is conditional based. Updated technology is the primary suggestion that Craft3 has for improving the time spent on the CIIS Report.
- (f) What methods might be used to improve the data quality, internal accounting and efficiency of reporting transactions for serving other targeted populations?
  - a. See all responses above. Additionally, Craft3 believes that providing more time to complete the report would be valuable. If the report were opened as early as April 1<sup>st</sup>, it would allow entities more time to scrub data and confirm files for upload. Notification of when the system has been opened for input would be nice too.
  - b. Adding new fields can be burdensome for CDFIs. It would be beneficial if new fields could be made optional for a longer period of time and clearly communicated when they will be transitioned to required information.
  - c. After uploading a file there is no communication as to where the file is in the process. Updated technology that provides some kind of indication of acceptance should be added. There have been times when it took multiple days to discover that a file had been rejected and needed to be corrected.

We thank you for the opportunity to comment on our experience with the CIIS Annual Report, and look forward to our continuing work with the CDFI Fund and other federal, state, and local partners to deploy capital to underserved populations across Washington and Oregon.

Respectfully,



Sheri Rabago, AVP  
Compliance Officer