



# CDFI Certification: Mergers & Acquisitions (M&A)

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March 6, 2025

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

[www.cdfifund.gov](http://www.cdfifund.gov)



# Presentation Overview



## What are Mergers and Acquisitions?

M&As and CDFI Certification Impacts

CDFI Certification Application Preparation

M&As and CDFI Certification Material Events

CDFI Certification Mergers and Acquisitions Q&A



# What are Mergers and Acquisitions?



## Merger

- An occasion when two or more organizations join together to make one larger organization.

## Acquisition

- When one organization takes another organization under its Control.



# What are Mergers and Acquisitions?



## Merger





# What are Mergers and Acquisitions?



## Acquisition





# Presentation Overview



What are Mergers and Acquisitions?

**M&As and CDFI Certification Impacts**

CDFI Certification Application Preparation

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CDFI Certification Mergers and Acquisitions Q&A



# M&As and CDFI Certification Impacts



## Primary Holder of an EIN



# M&As and CDFI Certification Impacts



## Primary Holder of an EIN

- The CDFI Certification is linked to the primary EIN in connection with which it was approved and to the primary holder of that EIN.





# M&As and CDFI Certification Impacts



## Primary Holder of an EIN

- The CDFI Certification is linked to the primary EIN in connection with which it was approved and to the primary holder of that EIN.
- The CDFI Certification cannot:
  - Be extended to cover any entity other than the primary holder of the EIN to which it is linked, including entities that may share the relevant EIN, but are disregarded for federal tax purposes or Affiliates (such as a parent entity).
  - Be transferred to an entity with a different EIN (including a successor entity formed under a new EIN).



# M&As and CDFI Certification Impacts



## Primary Holder of an EIN

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  - Be transferred to an entity with a different EIN (including a successor entity formed under a new EIN).
  - **→ Connection to M&A**



# M&As and CDFI Certification Impacts



## Mergers

- The surviving entity following a merger must be the Primary Holder of an EIN for certification purposes.



# M&As and CDFI Certification Impacts



## Mergers



Org 1  
(EIN: 123)



Org 2  
(EIN: 456)



# M&As and CDFI Certification Impacts



## Mergers

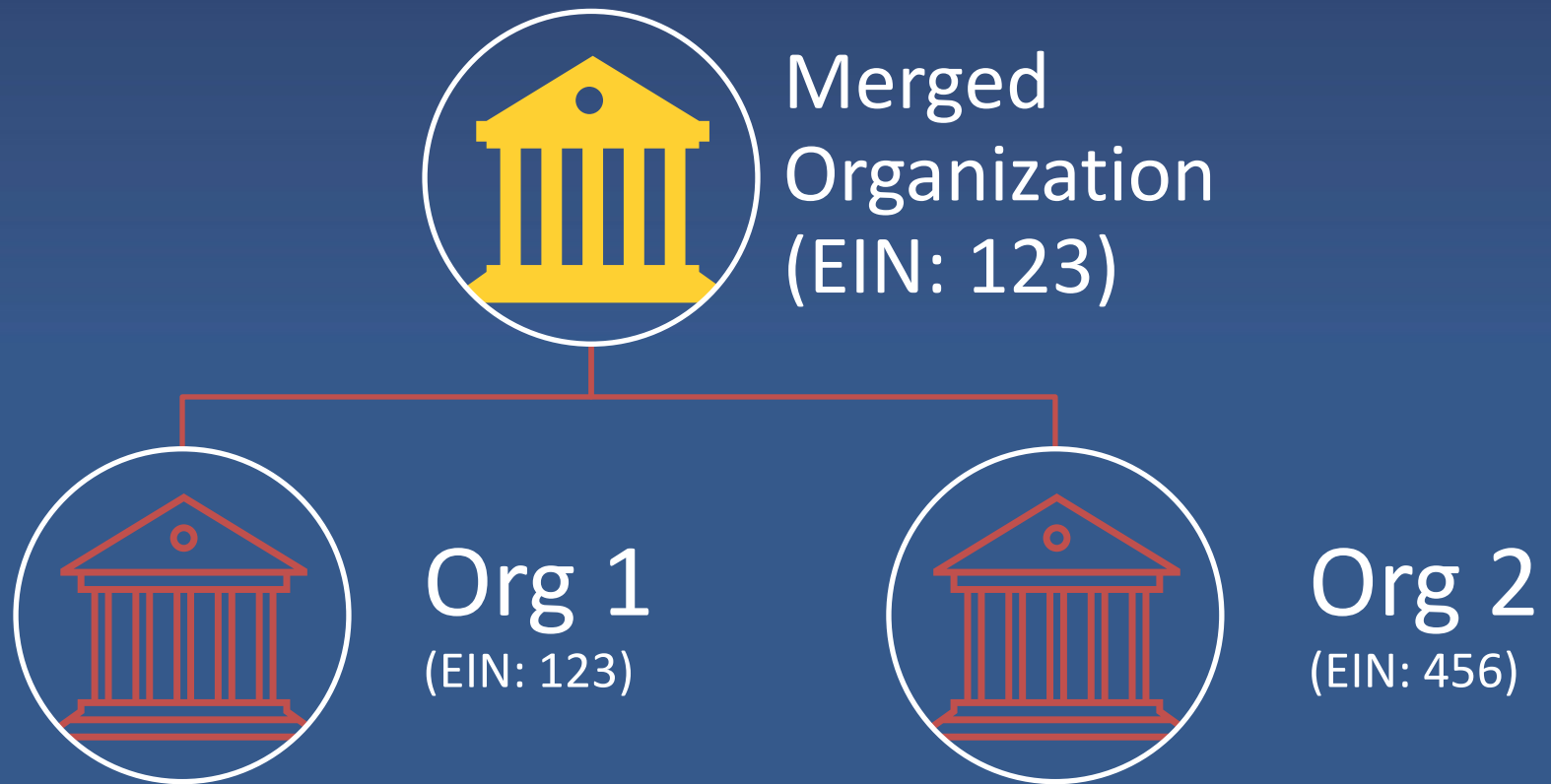




# M&As and CDFI Certification Impacts



## Mergers

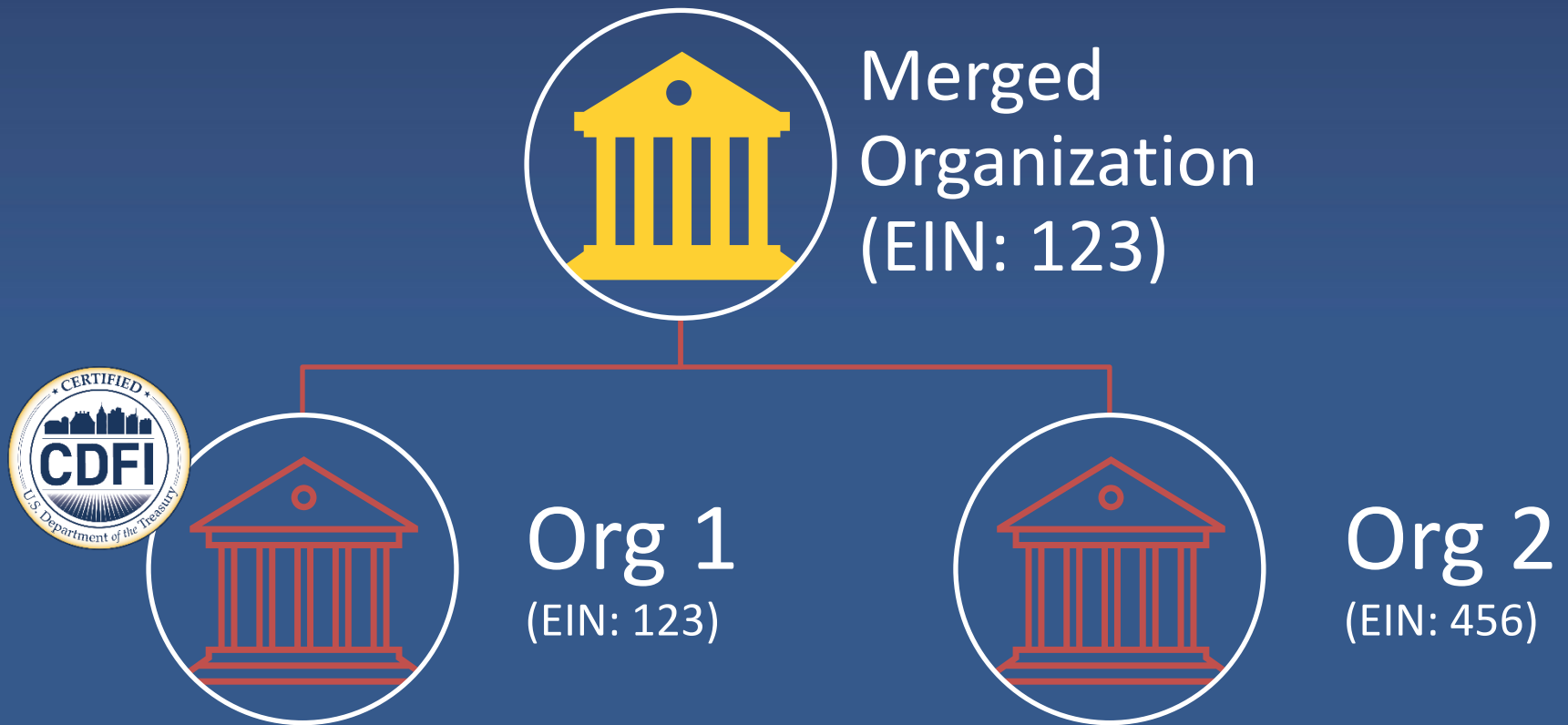




# M&As and CDFI Certification Impacts



## Mergers

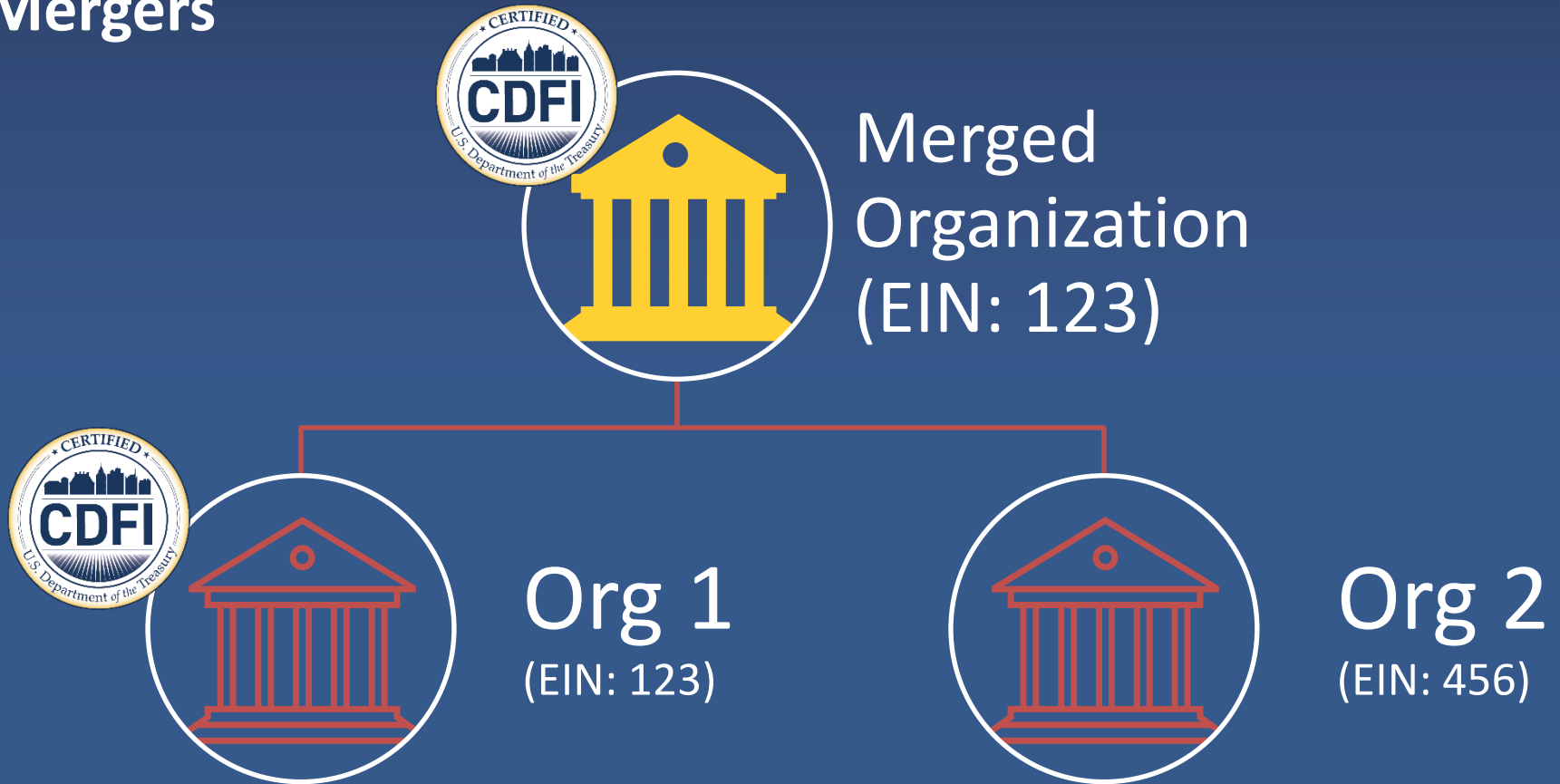




# M&As and CDFI Certification Impacts



## Mergers







# M&As and CDFI Certification Impacts



## Mergers





# M&As and CDFI Certification Impacts



## Mergers

- The surviving entity following a merger must be the Primary Holder of an EIN for certification purposes.

## Acquisitions

- Acquired entities may impact the Affiliate relevant to Certified CDFI/Applicant.



# M&As and CDFI Certification Impacts



## Acquisition





# M&As and CDFI Certification Impacts



## Acquisition



Org 1



Org 2





# M&As and CDFI Certification Impacts



## Acquisition



Org 1



Org 2



Org 1



Acquired  
Org 2



# M&As and CDFI Certification Impacts



## Acquisition





# M&As and CDFI Certification Impacts



## Acquisition





# Presentation Overview



What are Mergers and Acquisitions?

M&As and CDFI Certification Impacts

**CDFI Certification Application Preparation**

M&As and CDFI Certification Material Events

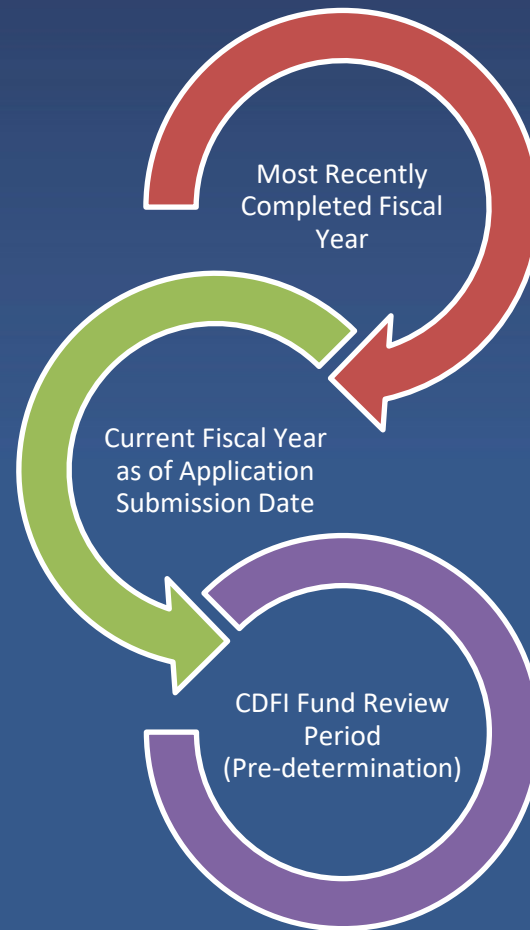
CDFI Certification Mergers and Acquisitions Q&A



# CDFI Certification Application Preparation



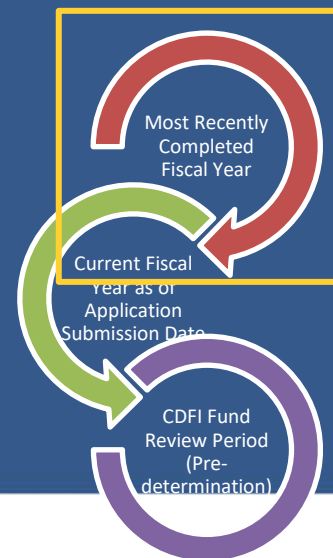
## Mergers



# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

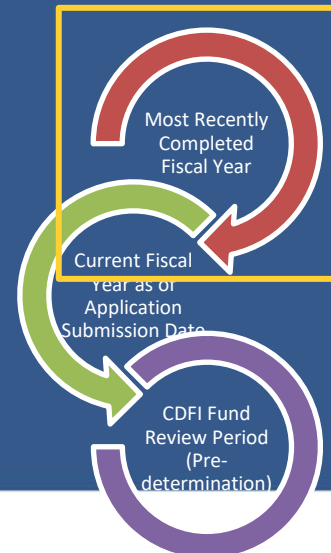


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Primary Mission:*

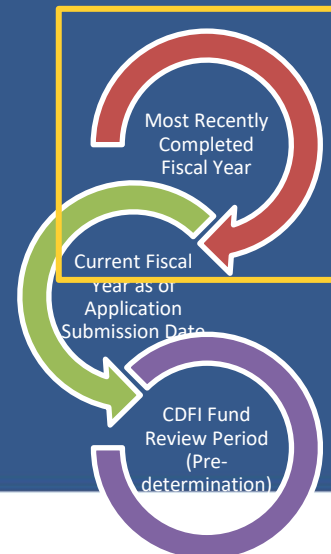


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Primary Mission:*
  - Community Development Primary Mission for 6 Months;

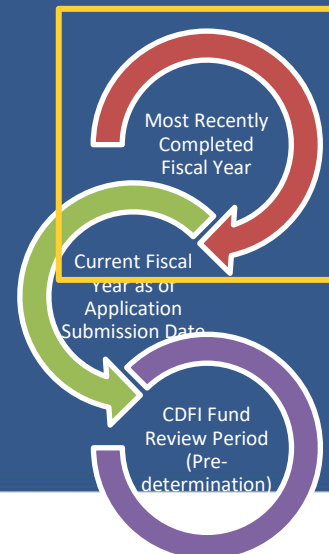


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Primary Mission:*
  - Community Development Primary Mission for **6 Months;**
  - Responsible financing practices.

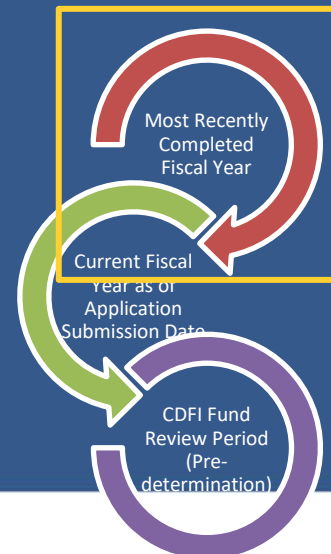


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Financing Entity:*

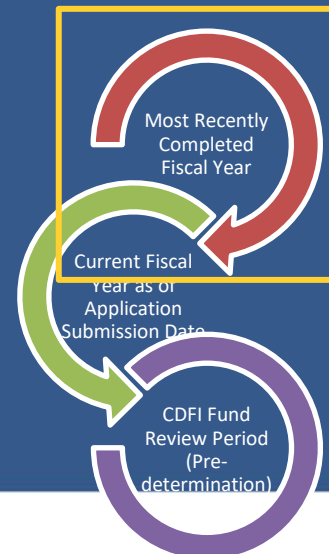


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Financing Entity:*
  - Most Recently Completed FY Financial Statement of surviving entity;

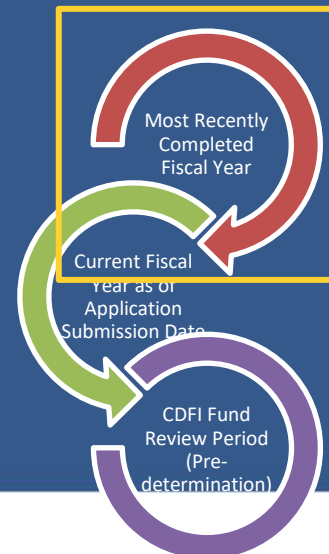


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Financing Entity:*
  - Most Recently Completed FY Financial Statement of surviving entity;
  - Full Time Equivalent (FTE) staff time.



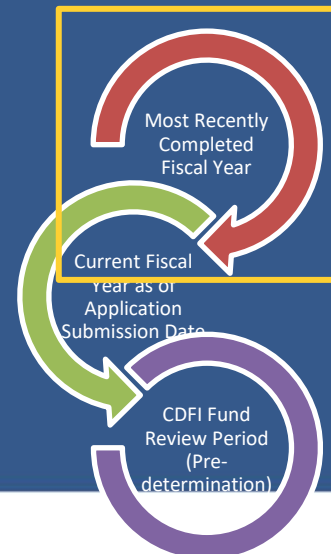


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Target Market:*

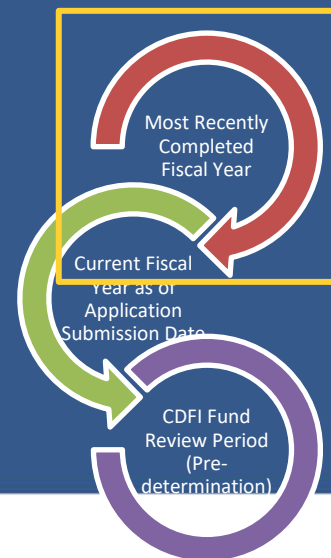


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Target Market:*
  - Financing activity of the acquired entity may be presented in the surviving entity's TLR.

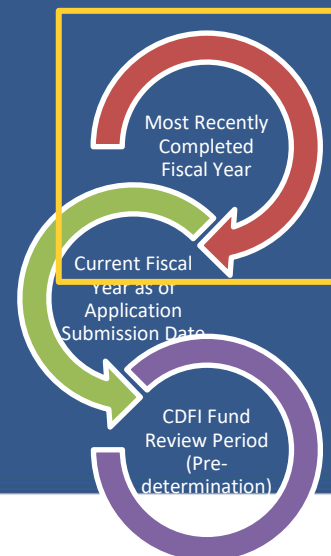


# CDFI Certification Application Preparation



## Mergers in the Most Recently Completed FY

- *Primary Mission:*
  - Community Development Primary Mission for **6 Months**;
  - Responsible financing practices.
- *Financing Entity:*
  - Most Recently Completed FY Financial Statement of surviving entity;
  - Full Time Equivalent (FTE) staff time.
- *Target Market:*
  - Financing activity of the acquired entity may be presented in the surviving entity's TLR.

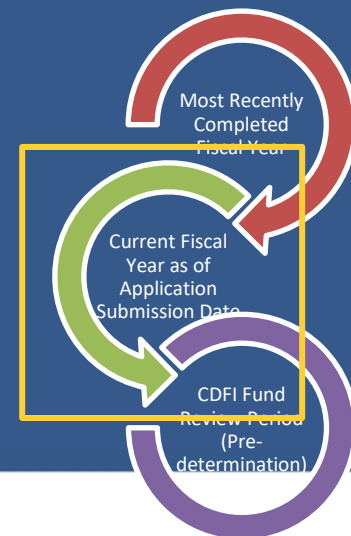




# CDFI Certification Application Preparation



## Mergers in the Current FY to Date



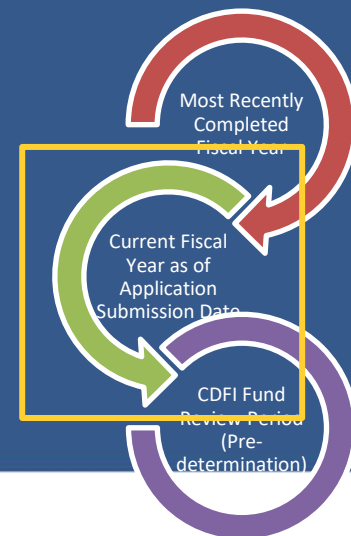


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Primary Mission:*



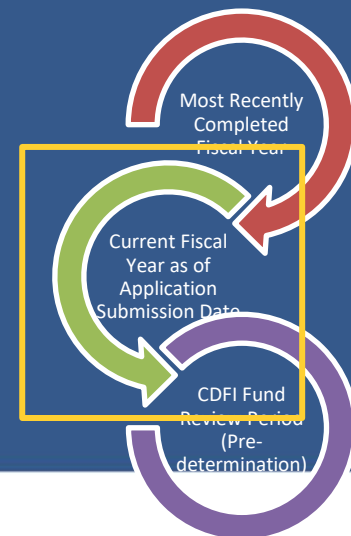


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Primary Mission:*
  - Community Development Primary Mission for 6 Months.



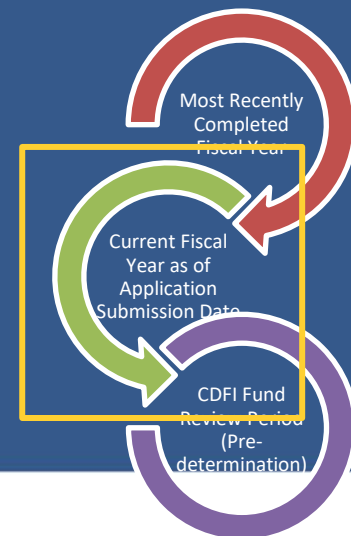


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Financing Entity:*

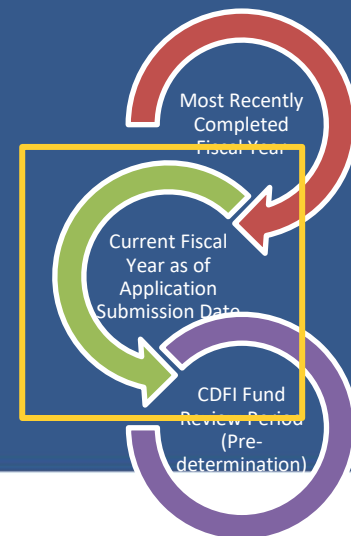


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Financing Entity:*
  - Assets showing Predominance as a Financing Entity;





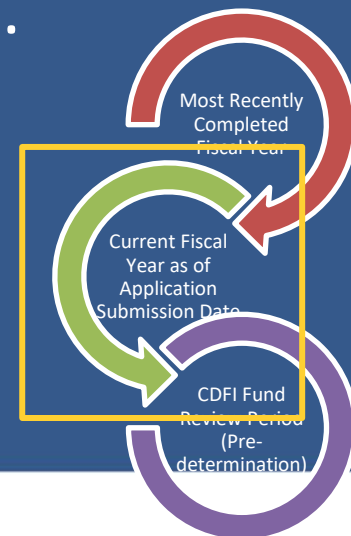


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Financing Entity:*
  - Assets showing Predominance as a Financing Entity;
  - Current FY Financial Statements as of **no more than 45 days prior** Application Submission.



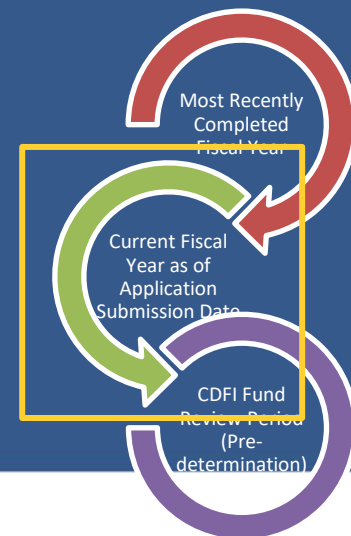


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Accountability:*



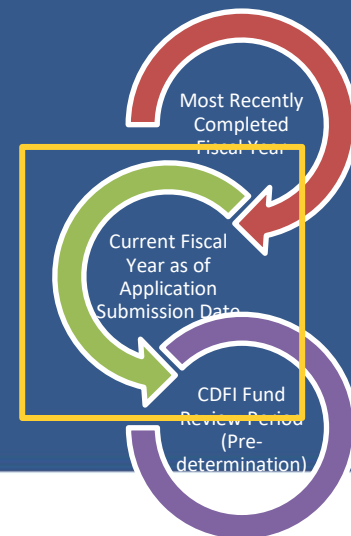


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Accountability:*
  - Accountability via surviving entity's governing and/or advisory boards.



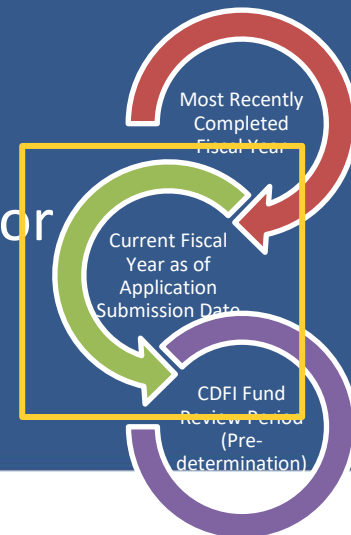


# CDFI Certification Application Preparation



## Mergers in the Current FY to Date

- *Primary Mission:*
  - Community Development Primary Mission for **6 Months**.
- *Financing Entity:*
  - Assets showing Predominance as a Financing Entity;
  - Current FY Financial Statements as of **no more than 45 days prior** Application Submission.
- *Accountability:*
  - Accountability via surviving entity's governing and/or advisory boards.



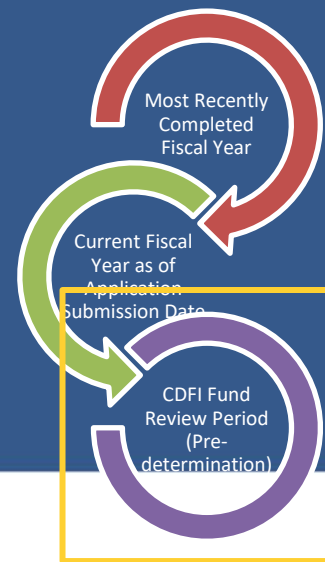


# CDFI Certification Application Preparation



## Mergers Post Application Submission

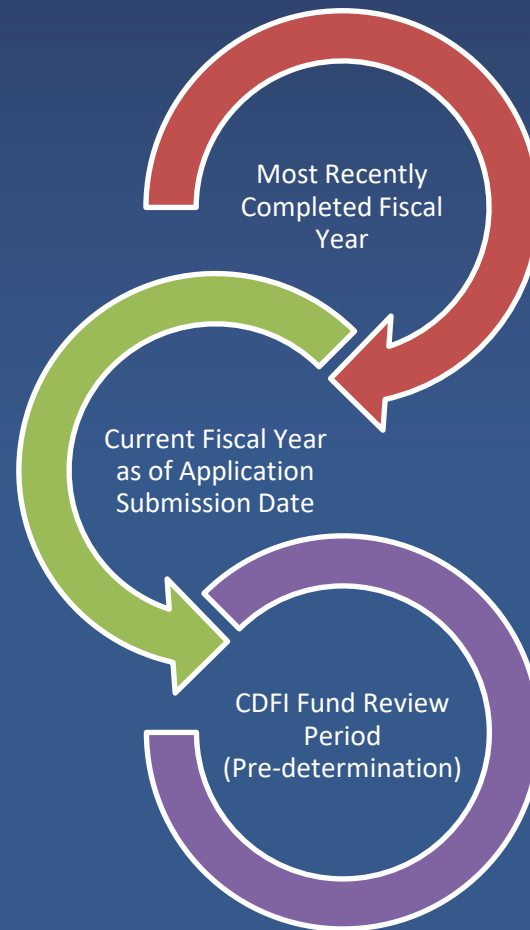
- Report the event to the CDFI Fund.



# CDFI Certification Application Preparation



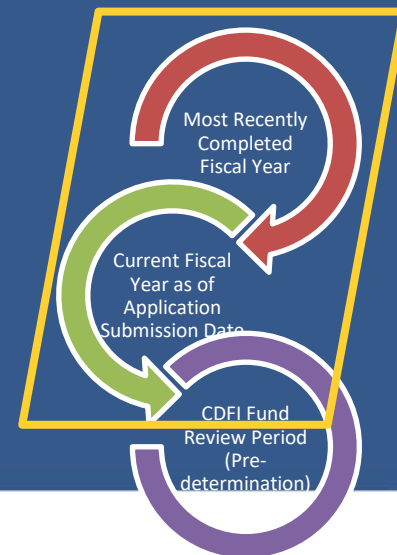
## Acquisitions



# CDFI Certification Application Preparation



**Acquisitions in the Most Recently Completed  
FY OR Current FY to Date**

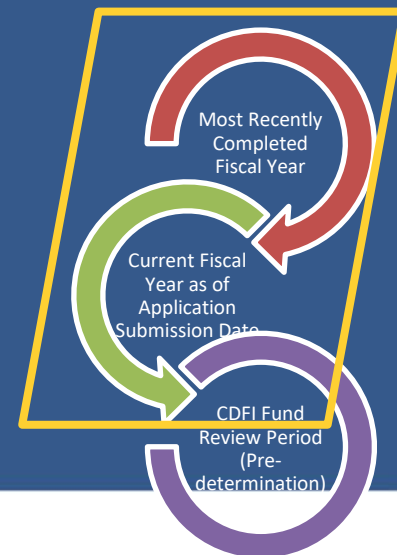


# CDFI Certification Application Preparation



## Acquisitions in the Most Recently Completed FY OR Current FY to Date

- *Primary Mission:*



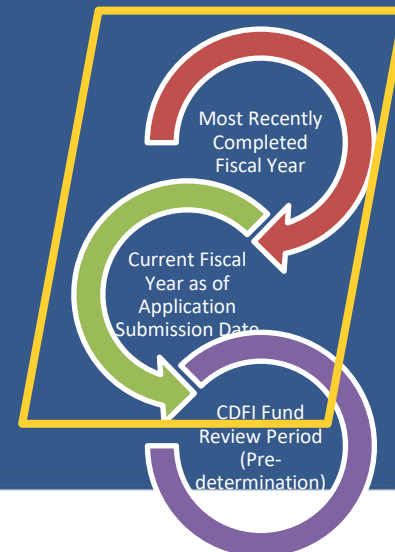


# CDFI Certification Application Preparation



## Acquisitions in the Most Recently Completed FY OR Current FY to Date

- *Primary Mission:*
  - Mission and Responsible Financing Practices Requirements for Affiliates

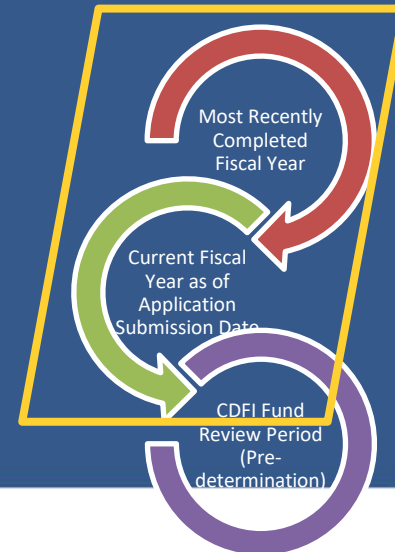


# CDFI Certification Application Preparation



## Acquisitions in the Most Recently Completed FY OR Current FY to Date

- *Target Market Collective Review Requirements:*

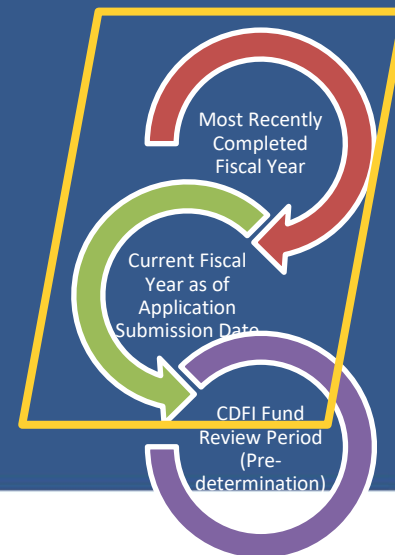


# CDFI Certification Application Preparation



## Acquisitions in the Most Recently Completed FY OR Current FY to Date

- *Target Market Collective Review Requirements:*
  - At least 60% of the combined financing activity of the Applicant and its Affiliates must be dedicated to their collective Certification Market.

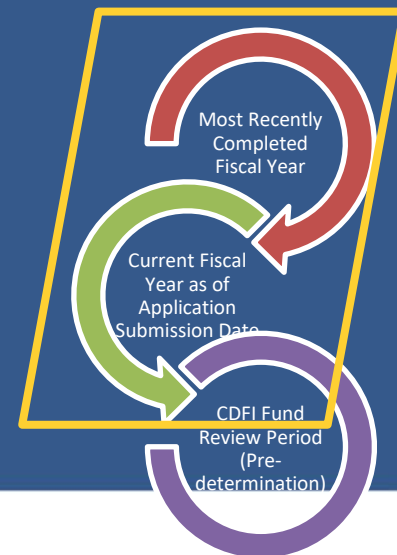


# CDFI Certification Application Preparation



## Acquisitions in the Most Recently Completed FY OR Current FY to Date

- *Accountability Collective Review Requirements:*

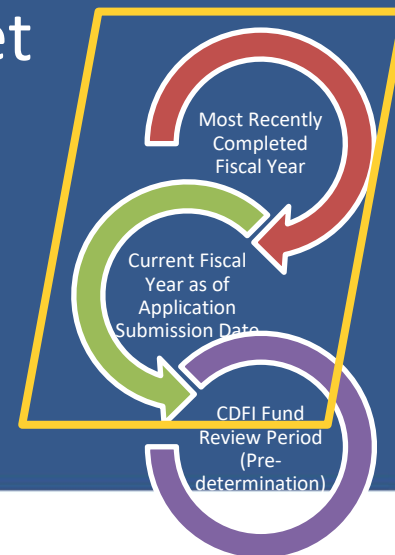


# CDFI Certification Application Preparation



## Acquisitions in the Most Recently Completed FY OR Current FY to Date

- *Accountability Collective Review Requirements:*
  - Relevant Affiliates must each demonstrate its Accountability to Collective Review Market component(s) via its own Accountability method.

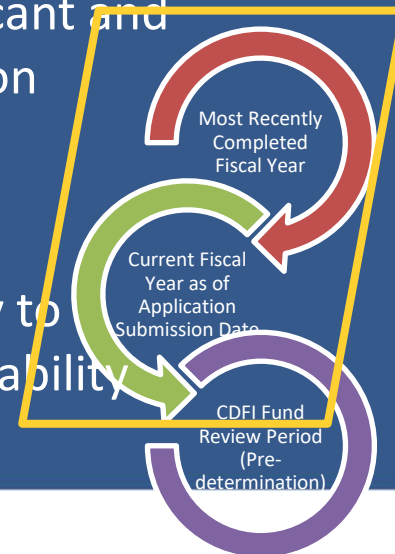


# CDFI Certification Application Preparation



## Acquisitions in the Most Recently Completed FY OR Current FY to Date

- *Primary Mission*
  - Mission and Responsible Financing Practices Requirements for Affiliates
- *Target Market Collective Review Requirements*
  - At least 60% of the combined financing activity of the Applicant and its Affiliates must be dedicated to their collective Certification Market.
- *Accountability Collective Review Requirements*
  - Relevant Affiliates must each demonstrate its Accountability to Collective Review Market component(s) via its own Accountability method.



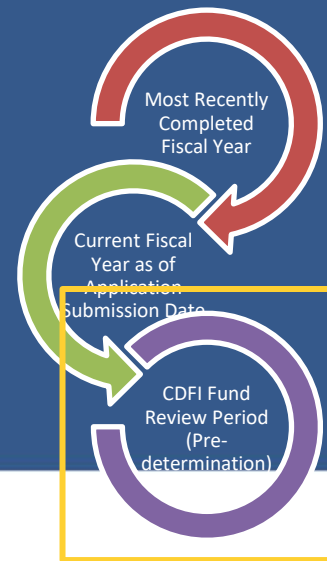


# CDFI Certification Application Preparation



## Acquisitions Post Application Submission

- Report the event to the CDFI Fund.





# Presentation Overview



What are Mergers and Acquisitions?

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**M&As and CDFI Certification Material Events**

CDFI Certification Mergers and Acquisitions Q&A





# M&As and the CDFI Certification Material Events



## CDFI Certification Agreement with the CDFI Fund



# M&As and the CDFI Certification Material Events



## CDFI Certification Agreement

### COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND (CDFI FUND)

#### CDFI FUND CERTIFICATION AGREEMENT

<b>Certified CDFI:</b> «Organization Name»	<b>CDFI Certification Control Number:</b> «Certification Name»
Certification Application Date: «Date»	<b>Employer Identification Number:</b> «EIN»
	<b>Unique Entity Identifier:</b> «UEI»
<b>Controlling CDFI(s):</b> <<Controlling CDFI>>	
<b>Address:</b> «Street_Address», «City», «State», «Zip»	

# M&As and the CDFI Certification Material Events



## CDFI Certification Agreement: Article V, Section 1

### ARTICLE V GENERAL TERMS AND CONDITIONS

#### 5.1 Material Events related to Certification.

- (a) Material Events related to Certification shall mean an occurrence that could affect the Certified CDFI's strategic direction, mission, or business operation and, thereby, its status as a Certified CDFI and/or its compliance with the terms and conditions of this Agreement as further below in Section 5.1(c).
- (b) The Certified CDFI must advise the CDFI Fund within 30 days via a Service Request in the Award Management Information System (AMIS) of the event and in reasonable detail, of any of the Material Events listed below using The Certification of Material Event Form (1559-0037). Once the CDFI Fund has been notified of a Material Event related to Certification, the CDFI Fund, in its sole discretion, may determine that the Certified CDFI no longer meets the CDFI Certification requirements described in this Agreement, resulting in termination of the Certified CDFI's Certification, or require an amendment to this Agreement.
- (c) Such Material Events shall include, but are not limited to:



# M&As and the CDFI Certification Material Events



## CDFI Certification Agreement: Article V, Section 1 (C) (ix)

- (ix) the merger, consolidation, or acquisition of the Certified CDFI by or with another entity, or separation from or change in an entity's Controlling CDFI;



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**CDFI Certification Mergers and Acquisitions Q&A**

# M&A Additional Information

## *Contact Information*



- For questions about CDFI Certification contact the CDFI Fund's Office of Certification Policy and Evaluation (OCPE) via AMIS Service Request.
- For questions about the ACR or TLR contact the CDFI Fund's Office of Financial Strategies and Research (FS&R) via [cdfi-financialstrategiesandresearch@cdfi.treas.gov](mailto:cdfi-financialstrategiesandresearch@cdfi.treas.gov) or AMIS Service Request.
- Detailed guidance information is also available on the CDFI Fund website at <https://www.cdfifund.gov/programs-training/certification/cdfi/apply-step> please check this page regularly for updated information.



# M&A Additional Information

## *CDFI Certification Conference Call Schedule*



Date	Time	Presentation Topic
March 20, 2025	3:00-4:15 PM ET	Entity Spin-Off Provisions
April 3, 2025	3:00-4:15 PM ET	Topic TBA
April 17, 2025	3:00-4:15 PM ET	Topic TBA
May 1, 2025	3:00-4:15 PM ET	Topic TBA

# M&A Additional Information



This concludes the presentation.

Thank you for participating!