



Target Market

CDFI Certification Webinar

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

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CDFI Certification Requirement: Target Market



To meet the CDFI Certification Target Market requirements, an entity must direct at least 60% of both the number and dollar volume of all (not just a select subset) the eligible Financial Products transactions it closes during a full 12-month fiscal year to an eligible CDFI Certification Target Market.

Or, if it is a depository institution and it cannot meet the CDFI Certification Target Market benchmark requirements based on eligible Financial Products activity alone, it can elect to use the CDFI Certification Target Market Financial Products and Financial Services option.

**** CDFI Certification Target Market benchmark percentages must be met without any rounding of decimal points. ****

CDFI Certification Requirement: Target Market & Financial Services



A depository institution (including a DIHC) that directs less than 60% but at least 50% of either the number or the dollar volume of its eligible Financial Products activity to an eligible CDFI Certification Target Market has the option of meeting the CDFI Certification Target Market benchmark requirements by demonstrating that it served an eligible CDFI Certification Target Market as follows:

- As of the last day of its fiscal year, at least 60% of its total unique depository account holders were part of its CDFI Certification Target Market; and
- The eligible Financial Products transactions it closes during a full 12-month fiscal year are directed to its eligible CDFI Certification Target Market at the following levels (must be based on all eligible Financial Products transactions closed, not just a select subset of such transactions):
 - 60% of the number and 50% of the dollar volume; or
 - 50% of the number and 60% of the dollar volume.

What is a Target Market?



- It is an Investment Area and/or a Targeted Population(s).
- CDFIs must serve at least one Target Market component in order to be a Certified CDFI.
- Service is demonstrated by the provision of Financial Products and/or Financial Services in that specific Target Market component.

What is an Investment (IA)?



- An Investment Area meets at least one of the following economic distress criteria and has significant unmet needs for Financial Products and Services; or it is wholly located within an Empowerment Zone or Enterprise Community (as designated under Section 1391 of the Internal Revenue Code of 1986 [26 U.S.C. 1391]).
- Economic Distress Criteria:
 - Poverty rate greater than 20%;
 - Median family income (MFI) at 80% or below specific MFI benchmarks; or
 - Unemployment rate 1.5 times the national average.
- Latest version is based on 2020 Census Tracts and data from the U.S. Census Bureau's American Community Survey 5 Year Estimates, 2016-2020
 - Posted on the Fund's public website under "Program Eligibility Guidance" as well as available in AMIS and CIMS.

Types of Investment Areas



- Investment Area – Prequalified (IAPreq)
- Investment Area – Customized (CIA)
- Investment Area – Non-Metro Customized (NM-CIA)
- Investment Area – Non-Metro Counties/Parishes (NMCP-CIA)

** For information on CIAs, see the July 31, 2025 webinar posted to the Fund's website ([recording](#) and [slides](#)). **

What is a Targeted Population?



- Defined as individuals, or an identifiable group of individuals, who are Low-Income or lack adequate access to Financial Products or Financial Services. (LITP)
- Specific to the individual borrowers whose socioeconomic characteristics are used to determine inclusion in the Target Market. (OTP)

What is a Targeted Population?

(Continued)



- Low-Income Targeted Population -- Individuals qualify as members of the Low-Income Targeted Population if their family income is:
 - for Metropolitan Areas, 80% of the area median family income (adjusted for family size); or
 - for non-Metropolitan Areas, the greater of 80% of the area median family income (adjusted for family size); or 80% of the statewide non-Metropolitan Area median family income (adjusted for family size).

What is a Targeted Population?

(Continued)



- Other Targeted Populations currently recognized by the CDFI Fund are:
 - Other Targeted Population – African American.
 - Other Targeted Population – Hispanic.
 - Other Targeted Population – Native American.
 - Other Targeted Population – Native Alaskan.
 - Other Targeted Population – Native Hawaiian.
 - Other Targeted Population – Other Pacific Islander.
 - Other Targeted Population – Filipino.
 - Other Targeted Population – Vietnamese.
 - Other Targeted Population – Persons with Disabilities.
 - Other Targeted Population – Certified CDFIs.

What is a Target Market Assessment Methodology?



- Methodologies used to demonstrate whether Applicants' or Currently Certified CDFIs' Financial Products, depository accounts, board members, and/or Credit Union members meet the Target Market criteria.
- Identified and attested to in the revised CDFI Certification Application as well as the revised version of the Annual Certification and Data Collection Report (ACR).

What is a Target Market Assessment Methodology? (Continued)



- All Target Market assessment methodologies must be used exactly as prescribed unless and until modification of the process is authorized by the CDFI Fund.
- Failure to use an approved assessment methodology (or maintain required documentation) may result in the termination of a Certified CDFI's Certification.

What is a Target Market Assessment Methodology? (Continued)



- For each Target Market Type, the CDFI Fund has outlined:
 - Recipient Type Eligibility
 - Individual
 - For-Profit Entity
 - Nonprofit Entity
 - Pre-approved Assessment Methodology(ies)
 - Documentation/Record-keeping Requirements
 - Guidance

What is a Target Market Assessment Methodology? (Continued)



- Applicants may request separate approval of a methodology not previously approved by the CDFI Fund.
- Applicants seek this approval through the completion of a Section Zero request before CDFI Certification Application Submission as well as before ACR submission.
- The CDFI Fund will update the pre-approved list as appropriate to reflect any newly approved methodologies so that these may be available to all Applicants and Certified CDFIs.

Examples of Different TMAMs



- OTP-AA.1: Self Report – Individual, owner, or end user self-reports as African American.
- OTP-AA.2: Visual/Surname (Residential mortgage loans only) – If an individual chooses not to self-report, and the application is taken in person, and if the financing entity assesses the individual's status as African American based on visual observation or surname for Home Mortgage Disclosure Act (HMDA) reporting purposes, that assessment may also be used for the purpose of determining the individual's status as OTP-African American.
- OTP-Native American.2: Tribal Identification Verification – Individual's, owner's, or end user's status as Native American is confirmed via visual inspection of a government-issued or tribal government-issued photo identification or documentation as described below or other verification from the tribal entity.
- LITP.2: Programmatic Proxy – If documented individual/owner/end-user full family income data is not available, the financing or recipient entity assesses Low-Income status using a pre-approved Low-Income programmatic proxy.

What is needed for a Section Zero request?



- The following information must be submitted:
 - the applicable Target Market (i.e., Investment Area, Low-Income Targeted Population, or Other Targeted Population);
 - assessment methodology (e.g., description of methodology and/or model design, including the step-by-step process used to collect the data, review any documents, and/or run the model and process its results);
 - supporting or supplemental documentation;
 - description of how the proposed assessment methodology provides sufficient confidence that a transaction can be assigned to a specific Target Market;
 - if proposing a programmatic (or organization) proxy, the program's (or organization's) detailed eligibility criteria or the step-by-step process used to compare programmatic data to CDFI Fund definitions (e.g., income sources, income thresholds);
 - the process for record keeping; and
 - the process for updating any methodology dependent on underlying data changes.

Target Market Assessment Methodologies

Recent Revisions since December 2023



- Addition of two new pre-Approved TMAMs:
 - Legal Guardianship/Caretaker Documentation
 - Housing Unit Income Restrictions
- Addresses need not be geocoded in the CDFI Information Mapping System (CIMS) to determine the relevant Federal Information Processing Standards (FIPS) code for a transaction.
- Revised guidance for race and/or ethnicity OTPs to address concerns around situations where members of an individual OTP group represent less than 50% of individual, business owner, or end-user recipients, but multiple OTP groups together represent 50% or more of the individual, business owner, or end-user recipients for a Target Market activity.

Target Market Assessment Methodologies

Revisions since December 2023 (Continued)



- Replaced census tract as the geographic comparison used to determine whether an individual's income adjusted for family size qualifies as Low-Income impacting the assessment methods for Low-Income Targeted Population (LITP), including the CDFI Fund's Low-Income Calculator.
 - Metro Areas: Individual's income adjusted for family size will be compared against the area median family income adjusted for family size of that specific MSA.
 - Non-Metro Areas: Individual's income adjusted for family size will be compared against the area median family income adjusted for family size of the primary residence's county or state-wide non-MSA.
- Released a revised Low-Income Calculator incorporating the above changes.
- Updated the list of FAQs on the TMAMs.

Target Markets and the CDFI Certification Application



- Applicants must create a new CDFI Certification Market record(s) in AMIS when it is preparing its CDFI Certification Application to represent each component in its CDFI Certification Target Market and, if applicable, in the CDFI Certification collective review market for each entity relevant to its collective review process.
- Pre-existing CDFI Certification Market records in an entity's AMIS account (including those that are in an approved, rejected, or previously approved/historical status) cannot be used to represent components in a Target Market being proposed for CDFI Certification Application purposes.

CDFI Certification Application Steps for Target Markets: Step 1



Create a new CDFI Certification market record(s) in the CDFI Certification Market section of its AMIS account to represent each component it proposes to include in its CDFI Certification Target Market for which it can demonstrate the needed Accountability.

CDFI Certification Application Steps for Target Markets: Step 1 (Continued)



If applicable, create a new CDFI Certification collective review market record(s) in the CDFI Certification Market section of the AMIS account for each Affiliate or other entity relevant to its CDFI Certification collective review process.

The records(s) must represent each component the Applicant proposes to include in the CDFI Certification collective review market that the other entity(ies) will use for the Applicant's Target Market or Accountability tests for which that other entity(ies) can demonstrate the needed Accountability.

CDFI Certification Application Steps for Target Markets: Step 1 (Continued)



- The CDFI Certification collective review market for an entity relevant to another entity's collective review process can take two forms.
 - The first form is the allowed CDFI Certification Target Market for the primary entity under review.
 - The second form is a Target Market component(s) that has been formally identified for the entity relevant to the collective review's own use in connection with the applicable primary entity's collective review process.
- Regardless of the form selected, an entity relevant to the collective review in connection with a particular primary entity's review process must be used solely and consistently by the relevant related entity for that primary entity's collective review process for the Target Market (if applicable because relevant eligible financing is engaged in) and Accountability tests.

CDFI Certification Application Steps for Target Markets: Step 2 (if Applicable)



- Applicant should create a new CIMS map in its AMIS account for each customized Investment Area included in its CDFI Certification Target Market or, if applicable, in the AMIS account of each entity relevant to its CDFI Certification collective review process that has a customized Investment Area(s) in a CDFI Certification collective review market to:
 - 1) identify the associated customized Investment Area geography; and
 - 2) to validate it as meeting at least one of the standards used to identify an eligible CDFI Certification Investment Area per the CDFI Program interim regulations (12 CFR 1805.201(b)(3)).
 - Note, this type of validation is only accepted when conducted using a CIMS map in the CDFI Fund's AMIS system), and to assess if an acceptable level of Financial Products activity has been directed to the qualified census tract(s)/county(ies) in the relevant geography for activity directed to non-qualified tract(s)/county(ies) in the area to be accepted as Target Market-directed.

**** APPLICABLE TO CIAS ONLY ****

CDFI Certification Application Steps for Target Markets: Step 3 (if Applicable)



Applicant should create and certify a TLR to be used for CDFI Certification Application purposes for itself (unless it is a DIHC that does not engage in any eligible Financial Products activity nor, if applicable based on its chosen method of meeting the CDFI Certification Target Market benchmark requirements, offer any applicable eligible Financial Services (i.e., eligible deposit accounts).

**** Do not tag transactions in the TLR with Target Market types for the “Designated Target Market Type” data field that you have not proposed in the CDFI Certification Application.****

CDFI Certification Application Steps for Target Markets: Step 3 (if Applicable)



If applicable, create and certify a TLR to be used for CDFI Certification Application purposes for the following:

- 1) each Affiliate or other entity relevant to its CDFI Certification collective review process that engages in eligible Financial Products activity or,
- 2) if applicable based on the Applicant's chosen method of meeting the CDFI Certification Target Market benchmark requirements, offers any applicable eligible Financial Services (i.e., eligible deposit accounts).

CDFI Certification Application Steps for Target Markets: Steps 4 to 6



- Complete the non-auto populated Target Market section field(s).
- Attach copies of all required documentation.
- Confirm that as of the date the CDFI Certification Application will be submitted all TLR data is valid (includes that it reflects most recently completed fiscal year information).

Important Reminders



- Each eligible Financial Products transaction or eligible Financial Service must be counted as Target Market-directed in connection with just one market component, even if the transaction or account qualifies as having been directed to more than one Target Market type.
- Wait to certify your TLR records until you have seen the initial Target Market Calculator results.
 - You can not make changes to the TLR on your own once it has been certified. You will need to submit a SR in AMIS.
- You can propose a Target Market type in the Application without having to have transactions tagged for it in the TLR, however, you must have Accountability and the correct Target Market Assessment Methodology.

CDFI Certification Resources



Resources

- Frequently Asked Questions
- YouTube Videos
- Bi-Monthly Webinars

Help Desk

- For questions about CDFI Certification contact the CDFI Fund's Office of Certification Policy and Evaluation via AMIS Service Request.
- For questions about the ACR or TLR contact the CDFI Fund's Office of Financial Strategies and Research via AMIS Service Request.



QUESTIONS?