

## **Paycheck Protection Program (PPP) Frequently Asked Questions (FAQs) as of 2/05/2021**

### ***(1) Will Paycheck Protection Program (PPP)-related activity count as loans for the purpose of the Annual Certification and Data Collection Report (ACR)'s Financing Entity Attestation?***

Yes, PPP-related activity will be counted as loans for the purpose of the ACR's Financing Entity Attestation criteria, regardless of whether the PPP loans have been forgiven or not.

Note: The Financing Entity Attestation section is only applicable to loan funds and venture capital funds. Credit unions and banks are presumed to be financing entities and are not required to complete this section of the ACR.

### ***(2) How does my organization handle reporting on any PPP-related activity in the ACR?***

Any PPP<sup>1</sup> loan activity during an entity's calendar year 2020 or 2021 must be included in any ACR question that asks about transactions or portfolio or balance sheet activity within or outside of your organization's Target Markets (TMs).

For the purpose of CDFI Certification, the CDFI Fund's definition of Financial Products excludes forgivable loans unless pre-approved by the CDFI Fund. Although PPP loans, in some cases, will be forgiven, the CDFI Fund will count PPP loans as Financial Products. When PPP loans are made in Eligible Markets<sup>2</sup>, in addition to those made in approved Target Markets, they also may be used to meet the 60% requirement temporarily. These temporary exceptions apply to the PPP loan activity conducted during an entity's calendar year 2020 or 2021 only. For additional assistance in determining the "geographic-related" Eligible Markets (Investment Areas) made outside of the current approved Target Market(s), please refer to the CDFI Program 2011-2015 ACS Eligible Investment Areas [Data File](#) and [FAQ materials](#) posted under "Mapping Tools" in the CDFI Certification "Step 1 | Apply" section of the CDFI Fund's website. "Allowed population" Eligible Markets (Target Populations) that are not a part of the current approved Target Market(s) include: Low Income Targeted Populations, African-Americans, Hispanic-Americans, Native Americans, Native Hawaiians residing in Hawaii, Native Alaskan residing in Alaska, or other Pacific Islanders residing in American Samoa, Guam or Northern Mariana Islands.

In answering the Target Market Attestation Question – "At least 60% of the organization's transactions are directed to currently approved Target Markets and Eligible Markets in accordance with the CDFI Fund's policies and guidance." – your organization may include any PPP loan activity within not only your approved Target Market(s) but also any Eligible Markets that are not currently part of your approved Target Market(s) to verify whether your organization has met this certification requirement. You may use this expanded definition of Target Market activity without having to apply for a Target Market modification. If your organization selects either of the "No" answer choices to this attestation,

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<sup>1</sup> The Paycheck Protection Program (PPP) is authorized in sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act). The application window for PPP opened on April 3, 2020. The program closed on August 8, 2020. An additional round of PPP funding was authorized beginning with section 301 of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act (Division N, Title III of the Consolidated Appropriations Act of 2021). This new round's application window opened on January 11, 2021 and is scheduled to close on March 31, 2021.

<sup>2</sup> Eligible Market is defined as (i) a geographic area meeting the requirements set forth in 12 CFR 1805.201(b)(3)(ii), or (ii) individuals that are Low-Income, African American, Hispanic, Native American, Native Hawaiians residing in Hawaii, Alaska Natives residing in Alaska, or Other Pacific Islanders residing in American Samoa, Guam or the Northern Mariana Islands.

please follow the guidance given in the ACR Instructions document for the specific data points that should be included in your explanation. The expanded definition of where financial activity can take place in order to meet the Target Market attestation is only applicable at this time to the 2021 or 2022 ACR Reporting Cycle.

In the Financial Products Portfolio Breakdown Detail section, you will have the opportunity to report on any loan activity involving PPP as its own type of loan rather than the other standard types such as “Business Financing” or “Microfinance Financing.” If you select “PPP” as the type of loan, then you will be asked to provide the total number and total dollar amount of PPP loans in your total portfolio as well as Target Market.

Note: This is a revised version of the text that appears in the ACR FAQ document posted online on December 17, 2020. The revisions here reflect the addition of the 2021 round of PPP funding authorized by the Consolidated Appropriations Act of 2021.

***(3) If an entity did not originate any PPP loans, but did purchase PPP loans from other institutions, does the entity need to report the purchased PPP loans as PPP-originated loans in the ACR?***

Only loans purchased from another certified CDFI may be counted as a financing activity in the ACR. If an entity purchased any PPP loans from another certified CDFI, they must report that portion of the loans as PPP activity and provide information on the count and dollar amount in their total portfolio and target market.

***(4) Will grants also be treated as a financial product for the purposes of COVID-19?***

No, grants will not be counted as a financial product. A certified CDFI that has a larger share of their annual financial activity in grant making rather than lending will be at risk of failing the Financing Entity criterion because of the predominance rule. If this situation arises, a currently certified CDFI would be allowed a cure period while an entity in the certification application process would not be certified.

***(5) How will Financial Assistance (FA) recipients report PPP loans to the CDFI Fund for financial products closed in Eligible Market and/or Target Market?***

All PPP loans that were originated during a prior FA award Period of Performance (PoP) as stated in the Assistance Agreement must be reported in the Transaction Level Report (TLR).

***(6) Will the PPP Loans count in my Performance Progress Report (PPR) towards my Performance Goals and Measures (PG&Ms) from prior FA awards?***

If the PPP loan occurred during a prior FA award PoP as stated in the Assistance Agreement; was reported on your CDFI’s balance sheet; was made in an Eligible and/or Target Market; and conforms to all other requirements on eligible uses as stipulated in the NOFA and Assistance Agreement, then it counts toward meeting the PG&M and must be included in the PPR.

***(7) How will PPP loans affect the 60% threshold for financial products closed in my Target Market for my annual Certification requirements?***

Any PPP loan made to an approved Target Market that was originated during the reporting period, regardless of whether it was forgiven, will count toward the CDFI’s 60% threshold criteria to maintain CDFI Certification. (Note that no other forgiven loans are counted toward a CDFI’s 60% threshold.)

***(8) Is a new CDFI Certification applicant allowed to include PPP-related Financing Activity towards the Financing Entity and Target Market criteria?***

Yes, a new CDFI Certification applicant is allowed to count PPP loans that have occurred during calendar year 2020 or 2021, towards the Financing Entity and Target Market criteria. PPP loans (even if forgiven) will count as an eligible Financial Product and may be used to demonstrate that the applicant meets the minimum 60% requirement threshold in both number and dollar amount to its proposed Target Market(s).

***(9) Will the CDFI Fund allow new CDFI Certification applicants to provide justification for failing to meet the 60% Target Market requirement in number or dollar amount if it was due to being shut down during the pandemic because of local laws or illness-related inadequate staffing capacity?***

No, the CDFI Fund will not consider financing activity less than 60% in number and dollar amount to the Target Market because of staff illness or local shut down.

***(10) My organization may be unable to comply with its Assistance Agreement. What should I do?***

If your organization is unable to comply with its Assistance Agreement, please submit an AMIS service request to the Office of Certification, Compliance Monitoring and Evaluation (CCME), immediately, and staff will contact you directly.

***(11) Will the CDFI Fund allow extensions on reporting requirement deadlines because of COVID-19 related issues within an organization?***

At this time, the CDFI Fund is no longer providing extensions on reporting requirement deadlines.