



# Annual Certification and Data Collection Report and Transaction Level Report

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## Overview of FINAL Revisions and Modifications

DECEMBER 2022

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

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

# Annual Certification and Data Collection Report and Transaction Level Report: Revisions and Modifications



## Summary

In May 2020, the CDFI Fund released for public comment proposed updates to the Annual Certification and Data Collection Report (ACR) and the establishment of a Certification Transaction Level Report in conjunction with public comment on the new Certification Application. The CDFI Fund received 55 unique comment letters in response to these requests. In conjunction with a final round of public comments being solicited by the Office of Management and Budget (OMB), the CDFI Fund is providing a summary of revisions to the ACR and the proposed collection of transactional level data from all Certified CDFIs in response to this initial comment solicitation. The following presentation briefly describes updated revisions to the ACR, as well as proposed transactional level data reporting.

# Presentation Roadmap



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# About the CDFI Fund



## OUR MISSION

The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

# About the CDFI Fund



## OUR VISION

The vision of the CDFI Fund is an America in which all people and communities have access to the investment capital and financial services they need to prosper.

# About the CDFI Fund



The CDFI Fund manages 10 separate programs authorized through six different statutes:

- Riegle Community Development and Regulatory Improvement Act of 1994
  - Bank Enterprise Award Program (BEA Program)
  - Community Development Financial Institutions Program (CDFI Program)
  - Native American CDFI Assistance Program (NACA Program)
- Community Renewal Tax Relief Act of 2000
  - New Markets Tax Credit Program (NMTC Program)
- Housing and Economic Recovery Act of 2008
  - Capital Magnet Fund (CMF)
- Small Business Jobs Act of 2010
  - CDFI Bond Guarantee Program (BG Program)
- Dodd-Frank Wall Street Reform and Consumer Protection Act
  - Small Dollar Loan Program (SDL Program)
- Consolidated Appropriations Act of 2021
  - CDFI Equitable Recovery Program (CDFI ERP)
  - CDFI Rapid Response Program (CDFI RRP)
  - Economic Mobility Corps (EMC)

# What is a Community Development Financial Institution (CDFI)?



- CDFIs are community-based organizations that expand economic opportunity in low-income communities and provide financial products and services to individuals and businesses often underserved by traditional financial institutions.
- CDFIs help families finance their first homes, support small and start-up businesses, establish and rebuild credit histories, and invest in local health, education, and community facilities, as well as provide financial services and training.
- CDFIs include banks, credit unions, loan funds, and venture capital funds.

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# CDFI Certification



- The CDFI Fund is responsible for certifying CDFIs in accordance with statutory requirements outlined in the Riegle Act.
- CDFI Certification is required to access most CDFI Fund programs.
- The CDFI Fund verifies that an organization meets the certification requirements through a series of validations and tests in the Certification Application.
- The CDFI Fund uses a standardized application form to collect information and data, submitted through its Awards Management Information System (AMIS), necessary to make a Certification determination.
- CDFIs are required to confirm they still meet certification requirements on an annual basis, as well as report on their yearly lending and investment activity, through the Annual Certification and Data Collection Report (ACR).

# CDFI Certification



To become Certified, an organization must submit a CDFI Certification Application to the CDFI Fund for review and approval. The Applicant must demonstrate it meets each of the following requirements at the time of application:

- Be a legal entity;
- Have a primary mission of promoting community development;
- Be a financing entity;
- Primarily serve one or more Target Markets;
- Provide Development Services in conjunction with its financing activities;
- Maintain accountability to its defined Target Market(s); and
- Be a non-government entity and not be under control of any government entity (Tribal governments excluded).

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# Transaction Level Report: Overview



- Provides a method to evaluate the extent to which Certified CDFIs serve distressed areas and underserved populations.
- Enhances the quantitative evaluation of Certified CDFIs and CDFI Certification Applications.
- Supports the new CDFI Certification Application and the ACR by replacing unverifiable summary information regarding lending and investments in Target Markets with transactional data.
- Builds off of Certified CDFIs' familiarity with the existing CDFI Program and NACA Program TLR and its various reporting forms/templates.

# Transaction Level Report: Changes



## 2022 Revisions

- The CDFI Fund will no longer institute a separate Certification Transaction Level Report (CTLR), but instead repurpose the existing CDFI/NACA Program TLR with modifications for target market activity verification.
- The TLR's Consumer Loan Report (CLR) will now require entities to report counts for individual OTP categories instead of an overall OTP category.
  - Credit unions and banks will continue to report consumer loans aggregated to the census tract level.
- The TLR will now include the Financial Services Table and Loan Purchases Table previously proposed for the CTLR.
  - Same eligibility requirements for their use applies.
- The existing CDFI TLR Address Report will be used to enter location information for each transaction.

# Transaction Level Report: Submission Process



## Certification Application

- New CDFI Certification Applicants will complete and submit an abbreviated version of the existing CDFI/NACA Program TLR prior to the submission of their CDFI Certification Application.
- This abbreviated TLR will be used to assess applicable Target Market percentage benchmarks in the Applicant's proposed Target Market(s).
- Applicants must report on origination activity for their most recently completed fiscal year prior to the submission of their CDFI Certification Application.

# Transaction Level Report: Submission Process



## Annual Certification and Data Collection Report

- All Certified CDFIs will be required to submit their TLR records prior to their ACR submission.
- New CDFI Certification Applicants, and Certified CDFIs will be required to submit an abbreviated version of the existing TLR with their ACR if they do not have an active:
  - CDFI Program Financial Assistance (FA) Assistance Agreement;
  - NACA Program FA Assistance Agreement;
  - CDFI Rapid Response Program Assistance Agreement; or
  - a future Equitable Recovery Program (ERP Program) Assistance Agreement
- Certified CDFIs that are current FA or RRP recipients, as well as future ERP recipients, will be required to submit a TLR based upon their existing submission calendar outlined in their Assistance Agreement(s) with their ACR.

# Transaction Level Report: Data Points for the Abbreviated Version



Below are the 25 data points from the existing CDFI/NACA Program FA TLR collected through AMIS and used in conjunction with the CDFI Information Mapping System (CIMS) for the abbreviated TLR that all CDFI Certification Applicants and all Certified CDFIs who are non-FA award recipients would potentially see as part of their TLR form. The number of data points will vary based on the transaction type.

TLR Submission Year	Equity-Like Features	Low-Income Status
Date Originated	Client ID	Other Targeted Populations
Original Loan/Investment Amount	Investee/Borrower Type	Description of Other Approved OTP
Purpose	Entity Structure	IA End Users
Transaction Type	Minority Owned or Controlled	LITP End Users
Loan Status	Women Owned or Controlled	OTP End Users
Originator Transaction ID	Low-Income Owned or Controlled	Description of Other Approved OTP-End Users
Interest Rate	Race	
Forgivable Loan	Hispanic Origin	



# Transaction Level Report: Conclusion



- The CDFI Fund recognizes the extension of transaction level reporting to all CDFIs creates an additional burden for many CDFIs.
- There are significant benefits to the CDFI Fund and to the CDFI industry with this universal level of reporting including:
  - Ability to better identify gaps in CDFI financing (geography and product type)
  - Enhance CDFI accountability and maintain a high standard for CDFI Certification
  - Present a more complete picture of the impact of the industry as whole leading to potential new and additional investment in CDFIs

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# Annual Certification and Data Collection Report: Overview



- The CDFI Fund's ACR is used to ensure that Certified CDFIs continue to meet the requirements of Certification.
- Certified CDFIs are required to submit an ACR on an annual basis through AMIS.
- The data collected also allows the CDFI Fund to gain insight on the CDFI industry.

# Annual Certification and Data Collection Report: Overview



The ACR is comprised of four main sections:

- Section 1: Organizational Information – collects organizational profile information, line(s) of business, governance structure, and details related to the seven requirements for Certification.
- Section 2: Financial Data Detail – collects information and data related to a Certified CDFI's assets, liabilities, income, expenses, and loan and investment portfolio.
- Section 3: Financial Products Portfolio Breakdown Detail – collects specific data related to Financial Products, types and subtypes of loans and investments, as well as detailed Target Market activity.
- Section 4: Development Services Detail – collects information on Development Services provided by a Certified CDFI, including clients served and Development Services provided in Target Markets.

# Annual Certification and Data Collection Report Changes: Section by Section Analysis



- The following slides are intended to provide a general overview of changes to each section of the ACR that are being proposed as part of the 30 Day request for public comment solicited by OMB.
- Revisions to the ACR are being proposed to align with proposed changes to the CDFI Certification Application, as well as the introduction of transactional level reporting for all Certified CDFIs.
- Until further notice, Certified CDFIs are subject to the existing ACR reporting requirements.
- NOTE: Unless otherwise indicated as part of the previously released 2020 changes or 2022 revisions to the ACR, questions reflected in the ACR are as they appeared and remain unchanged from the ACR online form used for the 2023 ACR Reporting Round, which opened in December 2022.

# Annual Certification and Data Collection Report: Overall Structure & Timing



## December 2022 Revisions

- The ACR will be comprised of seven sections:
  - Section 1: CDFI Annual Certification Report Detail
  - Section 2: Development Services Detail
  - Section 3: Financial Data Detail
  - Section 4: Financial Products Portfolio Breakdown Detail
  - Section 5: Source of Investment Capital Table
  - Section 6: Contributed Operating Revenue Table
  - Section 7: Loans and Leases Table
- ACR submissions will now be due 180 days after the reporting entity's most recent fiscal year ends.

# Annual Certification and Data Collection Report: Changes – Section 1: CDFI Annual Certification Report Detail



## December 2022 Revisions

- CDFIs will report on any annual changes in the demographic make-up of their board(s) and executive-level staff.
- Addition of a data field to indicate whether a CDFI is a Minority Depository Institution, as designated by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA).
- Additions of data fields to the ACR to track Affiliates, Spinoff Entities and their activities.
- Questions in the Human Resources and Staffing; Strategic Plan; Governance; Management Information Systems; Legal; Organizational Structure; Credit and Portfolio Management are now required of all Certified CDFIs.

# Annual Certification and Data Collection Report: Changes – Section 1: CDFI Annual Certification Report Detail



## December 2022 Revisions

- Answers to questions in the Responsible Financing subsection may result in a Certified CDFI not being eligible for recertification as a CDFI.
- In order to answer the ACR's Target Market activity questions, a Certified CDFI will use its TLR submission for the corresponding reporting period.
- A Certified CDFI that fails to meet the Target Market benchmark over its most recently completed fiscal year may maintain its Certification by demonstrating that it met the benchmark over a three-year period through the last day of its most recently completed fiscal year.
- CDFIs will report any changes to their community development objective(s) and their related goals that address social and/or economic conditions of underserved people and/or residents of economically distressed communities.
- A new subsection of questions will determine whether a Certified CDFI can retain its Native CDFI Designation or become newly designated as a Native CDFI.



# Annual Certification and Data Collection Report: Changes – Section 2: Development Services Detail



## December 2022 Revisions

- No revisions were made to this section of the ACR.
- Of note, the CDFI Fund will retain the Target Market-related data points for research purposes.

# Annual Certification and Data Collection Report: Changes – Section 3: Financial Data Detail



## December 2022 Revisions

- Revisions include the expanded use of federal regulator call report data to populate data points in the Financial Data section beyond what is currently available in the 2023 ACR Reporting Round. This change affects:
  - Banks and Thrifts
  - Credit Unions
  - Depository Institution Holding Companies

# Annual Certification and Data Collection Report: Changes – Section 4: Financial Products Portfolio Breakdown Detail



## December 2022 Revisions

- Addition of data points to assess whether the reported data is for the reporting entity alone or an Affiliate.
  - Data collected will identify the amount originated by the Affiliate.
- Decision made to retain the Target Market-related data points for industry research purposes.

# Annual Certification and Data Collection Report: Changes – Section 5: Source of Investment Capital Table



## December 2022 Revisions

- Consists of 11 new data fields:
  - CDFI Annual Certification Report (Auto-generated in AMIS);
  - Source of Investment Capital Table ID (Auto-generated in AMIS);
  - Type of Capital (Select from picklist);
  - Source of Capital (Select from picklist);
  - If Type is Other Source of Capital, Describe;
  - Amount;
  - Interest Rate;
  - Origination Date;
  - Maturity Date;
  - Remaining Term; and
  - Multiple Dates.
- Reporting Entities must list at least one investment source in their ACR submission.

# Annual Certification and Data Collection Report: Changes – Section 6: Contributed Operating Revenue Table



## December 2022 Revisions

- Consists of four data fields:
  - CDFI Annual Certification Report (Auto-generated in AMIS);
  - Contributed Operating Revenue Table ID (Auto-generated in AMIS)
  - Type of Donor (Select from picklist)
  - Amount
- Reporting Entities must have at least one revenue source entry for ACR submission.

# Annual Certification and Data Collection Report: Changes – Section 7: Loans and Leases Table



## December 2022 Revisions

- All reporting entities will provide the weighted average interest rate, total number and total amount for each type of loan or lease as of the last day of the reporting entity's most recently ended fiscal year.
- Data points on the type of loan or lease will now vary by financial institution type.
- Federal regulator call report data will be used to populate select data points for banks and thrifts, credit unions, and Depository Institutions Holding Companies.

# Presentation Roadmap



# Request for Public Comment



- This information is being provided in support of OMB's publication of a Request for Public Comment on the ACR and the abbreviated TLR. Comments will be due to OMB 30 days from the date of publication in the Federal Register.
  - Once published, view the Request for Public Comment in the Federal Register. For additional information related to proposed changes to the CDFI Certification Application, visit the CDFI Fund website at <https://www.cdfifund.gov/programs-training/certification/cdfi/certification-pra>.
  - Follow the instructions in the coming Federal Register notice to submit comments to OMB. Do NOT submit comments to the CDFI Fund.
- For questions about the proposed changes to the ACR and the accompanying revisions to the existing TLR, contact the CDFI Fund's Financial Strategies and Research Unit via email at [CDFI-FinancialStrategiesandResearch@cdfi.treas.gov](mailto:CDFI-FinancialStrategiesandResearch@cdfi.treas.gov) or AMIS Service Request.