



# Annual Certification and Data Collection Report and Certification Transaction Level Report

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## Overview of Request for Public Comment

MAY 2020

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

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

# Annual Certification and Data Collection Report and Certification Transaction Level Report



**Summary:** The CDFI Fund is soliciting public comment on proposed changes to the Annual Certification and Data Collection Report (ACR) and a new Certification Transaction Level Report (CTLR). Revisions to the ACR and introduction of the CTLR are being made to align with and conform to revisions proposed to the CDFI Certification Application. Proposed revisions to the ACR are anticipated to automate key elements of existing reporting and improve data quality. Introduction of the CTLR will provide the CDFI Fund critical data that is not currently collected on new CDFI Certification Applicants and on Certified CDFIs that are not Financial Assistance Recipients. The following provides information about the proposed revisions and how to submit comments to the CDFI Fund.

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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 six separate programs authorized through four 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
  - Bond Guarantee Program (BGP)

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# 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.



# 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:
  - Be a legal entity at the time of Certification application;
  - 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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# 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.
- The data collected also allows the CDFI Fund to gain insight on the CDFI industry.
- Certified CDFIs are required to submit ACRs on an annual basis through the CDFI Fund's Awards Management Information System (AMIS).
- CDFIs are required to submit their ACR within 90 days of the end of their organization's fiscal year. Failure to submit a required ACR may result in a loss of Certification status and additional sanctions for CDFIs that are program Recipients.
- Newly Certified CDFIs are not required to submit an ACR until the next fiscal year after their initial Certification.

# 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: Request for Public Comment



## The CDFI Fund is issuing a Request for Public Comment on proposed deletions, changes and additions to the ACR.

- Revisions to the ACR are being proposed to align with proposed changes to the CDFI Certification Application and introduction of a new Certification Transaction Level Report (CTLR).
  - The CTLR will collect loan and investment origination information on CDFI Certification Applicants and Certified CDFIs that are not current Financial Assistance Recipients.
- Comments are due to the CDFI Fund 90 days from the date of publication of the Request for Public Comments in the Federal Register.
- Until further notice, Certified CDFIs are subject to the existing ACR reporting requirements.

# Annual Certification and Data Collection Report: Proposed Changes



## Proposed deletions to current ACR data points due to CTLR Data Collection

The collection of transactional data through the CTLR will permit the deletion of several data points in the current version of the ACR. These proposed deletions include:

- **Primary & Secondary Lines of Business Questions** – will be auto-calculated by the CTLR.
- **Target Market Attestations** – the CTLR will auto-calculate deployment to Target Markets and to Eligible Markets for the proposed new CDFI Certification Application. In addition, the CTLR results will automatically compute if a Certified CDFI meets the 60% threshold.
- **Number/Amount of Loans or Investments in Target Markets** – total portfolio data questions will be replaced by data on new originations, which will be used to compute the deployment to the Target Market to align with the new Certification Application requirements.
- **Total Number/Dollar Amount of Loan Portfolio Deployed to Target Markets** – portfolio data will no longer be used and will be replaced by data on new originations serving eligible Target Markets.
- **Financial Data Reporting for Regulated Institutions** – web-services will be used to acquire financial data from call reports by regulated institutions. This will improve data quality and automate key elements of ACR reporting.

# Annual Certification and Data Collection Report: Proposed Changes



## Proposed Additional Data Collection Points to the ACR

The collection of additional data in the ACR is being proposed to align with revisions to the new CDFI Certification Application. These additions include:

- **Legal Entity Criteria** – attestation as to status as a regulated entity and maintenance of deposit insurance (only applicable to Depository Institution Holding Companies, Insured Depository Institutions, and Insured Credit Unions).
- **Primary Mission Test** – mirrors new proposed attestations included in the new CDFI Certification Application related to:
  - **Community Development Strategy** – verifies the CDFI maintains the same community development strategy as when it was last Certified, including Affiliates and Subsidiaries subject to this requirement.
  - **Responsible Financing** – ensures compliance with new certification requirements related to responsible financing practices.
- **Accountability Criteria** (only applicable to Credit Unions) – determines if there has been a change to the percentage of membership that has been approved to use special accountability provision.
- **Source of Investment Capital Table** – gathers data on how CDFIs capitalize themselves and documents capitalization sources.
- **Contributed Operating Revenue Table** – gathers data on how CDFIs manage their operating revenue and documents sources of operating revenue.
- **Loans and Leases Table** – gathers data on the average rates, total number and amounts of loans and lines of credit provided by certified CDFIs and applicants.

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# Certification Transaction Level Report: Overview



- The Certification Transaction Level Report (CTLR) is a proposed requirement for CDFI Certification Applicants, and those Certified CDFIs that are non-awardees and therefore do not submit a full Transaction Level Report (TLR) to the CDFI Fund.
- The CTLR provides a method to evaluate the extent to which Certified CDFIs serve distressed areas and underserved populations.
  - Utilizing geocoded data, the CTLR will automatically determine if an investment is in an eligible Investment Area or directed to a Low Income Targeted Population.
- Data collected by the CTLR will include transactional reporting of new originations for the most recently completed 12 months for new CDFI Certification Applicants and for the most recently completed fiscal year for Certified CDFIs that are not CDFI or NACA Program Financial Assistance Recipients.
- The CTLR supports the revised CDFI Certification Application and the ACR by replacing unverifiable summary information regarding lending and investments in Target Markets with transactional data.
- CTLR data will be used to enhance the quantitative evaluation of Certified CDFIs and CDFI Certification Applications.

# Certification Transaction Level Report: Overview

The CTLR includes 11 data points to determine which loans and investments are deployed in a CDFI's Target Market(s) and allows batch coding so a CDFI can use its loan processing systems to complete some or all parts of its submission. CDFIs can use batch coding capabilities to take advantage of the automated LITP coding that will use Census Block data. The CTLR also includes other data collection tables detailed in the ACR, Section II for Financial Services and in Section III for Loan Purchases of the documentation.

Data Point	Description	Data Type
1. Originator Transaction ID	A loan number or tracking number unique to each financial note of each CDFI	Alpha-numeric
2. Date Originated	Date the legally binding note was signed by the borrower/investee in favor of the lender/investor	Date (mm/dd/yyyy)
3. Loan/Equity Investment Amount	Dollar amount of the loan/equity investment	Numeric/Non-Negative
4. Transaction Purpose	The primary purpose of the financial note	Drop down of loan purpose
5. Transaction Type	Type of transaction for the financial note	Drop down of type
6. Other Targeted Populations (OTP)	Select from drop down the Other Targeted Population(s) served by the transaction	Drop down of OTP Type
7. Project FIPS Code	11 digit Census Tract FIPS code generated by geocoding the project address to indicate the project location	Text Format
8. Project Latitude	X coordinate location (latitude) of the project	Numeric (conditionally required)
9. Project Longitude	Y coordinate location (longitude) of the project	Numeric (conditionally required)
10. Investment Area (IA)	Binary response (derived from 7 above) indicating whether the transaction is in an eligible Investment Area	FIPS Code Qualified (Yes/No)
11. Low-Income Targeted Population (LITP)	Binary response derived from Census Block Group coding indicating whether the transaction serves a Low-Income Targeted Population	12 digit Census Block Group Qualified (Yes/No)

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- Comments are due to the CDFI Fund 90 days from the date of publication in the Federal Register. Comments may be submitted to Greg Bischak, Program Manager, Financial Strategies & Research (FS&R), CDFI Fund, via email at [CDFI-FinancialStrategiesandResearch@cdfi.treas.gov](mailto:CDFI-FinancialStrategiesandResearch@cdfi.treas.gov).
- To view the Request for Public Comment as published in the Federal Register or additional information related to proposed changes to the ACR or proposed introduction of the CTRLR, visit the CDFI Fund website at [www.cdfifund.gov](http://www.cdfifund.gov).
- The Office of Management and Budget will issue an additional Request for Comment that will occur separately and subsequent to the Treasury Department's Request for Public Comments.