COMMUNITY DEVELOPMENT ENTITY

CDE CERTIFICATION APPLICATION

FREQUENTLY ASKED QUESTIONS (FAQS)

UPDATED SEPTEMBER 2025

U.S. DEPARTMENT of the TREASURY

CDFI FUND

Community Development Financial Institutions Fund

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All capitalized terms in the CDE Certification materials are defined terms and have specific meanings for CDE Certification purposes as indicated here, in other CDFI Fund-issued guidance, in the Interim Regulations for the New Markets Tax Credit (NMTC) Program (26 CFR 1.45D), in the Community Renewal Tax Relief Act of 2000 (26 U.S.C. 45D) or in the most recent CDFI Fund Notices of Allocation Availability (NOAA).

Eligibility Requirements

1. Why should I apply for CDE Certification?

    In order to be eligible to apply for New Market Tax Credit (NMTC) Allocations from the CDFI Fund, an Applicant CDE must be certified as a Community Development Entity (CDE) as of the publication date of the applicable NMTC Notice of Allocation Availability (NOAA) in the Federal Register. CDE Certification confirms that your organization meets the basic requirements needed to qualify for a NMTC Allocation.

2. Who is eligible to apply for CDE Certification?

    To be eligible, the entity and (if applicable) each Subsidiary must meet the following requirements:

    - Legal Entity – A domestic corporation or partnership as classified for federal tax purposes with a valid and distinct Employer Identification Number (EIN).
    - Primary Mission – A binding and/or governing-leadership approved primary mission of serving or providing investment capital for Low-Income Communities (LICs) or Low-Income Persons (LIPs).
    - Accountability – It must maintain accountability to residents of LICs it serves or expects to serve through representation on a governing board and/or advisory board.

    Entities may include nonprofits, banks, community loan funds, venture capital funds, and governmental or quasi-governmental entities, provided they meet the core criteria.

3. Are nonprofit organizations eligible for CDE Certification?

    Yes. Nonprofit organizations can qualify as CDEs if they meet all three eligibility criteria. However, only for-profit CDEs are permitted to receive and use Qualified Equity Investments (QEIs) to support investments eligible for New Markets Tax Credits (NMTCs). Nonprofits may serve critical roles in the NMTC ecosystem — such as sponsors, borrowers, or project developers — but cannot directly issue NMTC-eligible equity.

    See New Markets Tax Credit Program | Community Development Financial Institutions Fund, for more information.

4. What entities are automatically deemed CDEs?

    Entities that are certified Community Development Financial Institutions (CDFIs) by the CDFI Fund or Specialized Small Business Investment Companies (SSBICs) certified by the Small Business Administration automatically meet the eligibility requirement for the CDE Certification. An entity that has a current CDFI Certification

or SSBIC designation automatically meets all three of the CDE Certification tests. These entities do not need to complete the standard CDE Certification Application but must submit the streamlined Application and required documentation and receive approval from the CDFI Fund to activate their status as a Certified CDE.

5. I'm a currently Certified CDFI applying for CDE Certification, what do I need to do?

Although currently Certified CDFIs are presumed to meet the criteria for CDFI Certification, they are still required to complete and submit a streamlined CDE-CDFI-Certified Application and create distinct Service Area and Organization Board records specific to their CDE Certification Application in AMIS.

Please see detailed information in the CDE-CDFI-Certified section in the CDE Certification Application Supplemental Guidance for step-by-step instructions on how to create these records.

6. Are Subsidiaries of CDFIs or SSBICs automatically deemed CDEs?

No. Only the certified parent organization is automatically deemed a CDE. Each Subsidiary must apply separately and meet all CDE eligibility criteria on its own, even if owned or controlled by an automatically qualified CDE.

7. Can a parent organization apply for CDE Certification on behalf of its Subsidiaries?

Yes. A parent organization may submit a streamlined Application on behalf of itself and its Subsidiaries, but it must demonstrate that each entity listed meets the Legal Entity, Primary Mission, and Accountability requirements independently. If approved, the CDFI Fund will issue separate CDE Certifications for each eligible entity named in the Application.

CDE Certification Criteria

8. What qualifies as a legal entity for CDE purposes?

To qualify as legal entity, your organization must be a corporation or partnership organized under U.S. law and recognized for federal tax purposes. It must provide valid formation documents (e.g., Articles of Incorporation, EIN documents) and demonstrate that it is legally in existence and in good standing with the appropriate state authority at the time of Application.

9. What is the Primary Mission requirement?

The Applicant must demonstrate that its primary organizational purpose is to serve or provide capital to LICs or LIPs.

This is evidenced through binding:
- Governance documents (e.g., bylaws, operating agreements);
- Organizing documents (e.g., Articles of Incorporation/Organization, Charters); and/or,
- Board Resolutions/Directives (e.g., Internal resolutions, Directives).

10. What is Accountability?

CDEs must demonstrate ongoing Accountability to the residents of the LICs they intend to serve. This is generally fulfilled by having at least 20% of members on either a governing or advisory board who live in or represent the interests of residents of the LIC(s). Accountability must be ongoing, not symbolic or one-time.

11. Who qualifies as a representative of an LIC?

Board members may qualify if they:
- Reside in a designated LIC;
- Are recognized leaders in the LIC, such as a religious leader, nonprofit director, or board officer of a non-affiliated community or charitable organization that serves the LIC; and/or,
- Represent institutions or organizations embedded in the LIC (e.g., a community health clinic executive).

12. How is a Service Area defined and confirmed?

A Service Area is the geographic region an Applicant CDE proposes to serve, i.e. - city, county, state, national. Proposed Service Areas must align with official census geography and represent the entire area requested. If the requested proposed Service Area is overly broad, incomplete, or not well-defined, the Service Area may be adjusted by the CDFI Fund to match recognized boundaries before final approval. Knowing these geographic areas will be important because the Applicant CDE will have to ensure that the LIC representatives on its proposed advisory and/or governing board(s) adequately represent the proposed Service Area.

Application Process

13. Which CDE Certification Application is right for me?

Once you have created an AMIS account, AMIS will determine and launch the appropriate CDE Certification Application type based on your organization's current CDE Certification status:

Type A: CDE-Cert-Not Certified
- Who applies: An Applicant CDE applying for initial certification for itself only. This.Application.is.for.entities.that.are.not.already.certified.and.not.certifying. Subsidiaries¡

<u>Type B: CDE-Cert-Not Certified</u>
- Who applies: An Applicant CDE applying for initial certification on behalf of itself and one or more Subsidiary entities. A.single.consolidated.Application.used.for.initial.certification.as.well.as.to. certify.Subsidiaries¡

<u>Type C: CDE-Cert-Certified</u>
- Who applies: A currently Certified CDE applying to certify one or more Subsidiaries. This.Application.type.is.used.when.a.Certified.CDE.seeks.to.extend. certification.to.new.Subsidiary.entities.after.initial.approval¡

<u>CDE-SA Amendment</u>
- Who applies: A currently Certified CDE that is requesting to amend its Service Area. This.Application.type.is.used.when.a.certified.CDE.seeks.to.change.its. Service.Area¡

<u>CDE-CDFI-Certified</u>
- Who applies: A currently Certified CDFI or SSBIC that is applying for CDE Certification for the first time. This.Application.type.is.for.currently.certified.CDFIs.or.SSBICs.seeking.initial. Certification¡.

14. When can an entity apply for CDE Certification?

CDE Applications are accepted by the CDFI Fund on a rolling basis throughout the year. However, to be eligible to apply for a New Markets Tax Credit Allocation in a given round, a CDE must be certified as of the publication date of the applicable NMTC Notice of Allocation Availability in the Federal Register. The CDFI Fund will provide guidance to potential CDEs on when to submit a CDE Certification Application in order to be certified prior to an upcoming NMTC Allocation Round.

For more information, please visit the New Markets Tax Credit Program page at New Markets Tax Credit Program | Community Development Financial Institutions Fund

15. Can an Applicant CDE include Subsidiaries in one Application?

Yes. Applicant CDEs may submit a consolidated Application for the parent organization and its Subsidiaries, as long as each entity independently meets the Primary Mission and Accountability requirements. This streamlines the process but does not eliminate the need for individual eligibility.

16. What platform is used to submit CDE Certification Applications?

All CDE Certification Applications must be submitted through the CDFI Fund's Awards Management Information System (AMIS). Applicant CDEs must register their

entity in AMIS and follow detailed instructions for uploading documents, completing Application fields, and submitting their Application.

For more information on creating or updating a profile in AMIS, a "Getting Started – Navigating AMIS" training manual is located at www.amis.cdfifund.gov. You may also contact AMIS@cdfi.treas.gov or 202-653-0422.