



Melody Braswell
Treasury PRA Clearance Officer
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW,
Washington, DC 20220

Re: Comment Request: Annual Certification and Data Collection Report Form and Abbreviated Transaction Level Report (FR Doc. 2022-27142 Filed 12-13-2022)

Ms. Braswell:

The African American Alliance of CDFI CEOs (the Alliance) is pleased to provide the following in response to the Office of Management and Budget (OMB) request for a final round of comment on revisions to the Community Development Financial Institutions Fund's (CDFI Fund's) Annual Certification and Data Collection Report (ACR) and abbreviated Transaction Level Report (TLR). The Alliance is a membership-driven intermediary organization that aims to: build the capacity of member organizations; build bridges to economic stability, well-being, and wealth for Black individuals, families, and communities; and build power in Black communities by challenging and influencing financial sectors to operate more equitably. Since launching in 2018, the Alliance has established a network of 72 CEOs of Black-led Community Development Financial Institutions (CDFIs), which includes loan funds, credit unions, and venture capital funds. Alliance members reach historically underserved communities in all 50 states by providing financial services in the small business, affordable housing, and commercial real estate development sectors.

Historically, the ACR has required all certified CDFIs to attest to the fact that directed at least 60 percent of its Financial Products and Services to its qualified Target Market(s) in the prior year. Additionally, Certified CDFIs that receive a Financial Assistance (FA) award from the CDFI Program must submit a TLR that provides information on all loans originated by the CDFI during the prior year.

In May 2020, the CDFI Fund proposed to extend the TLR requirement to CDFI Certification applicants and Certified CDFIs that are not current Financial Assistance (FA) recipients – the Certification Transaction Level Report (CTLR). In response to comments received regarding the proposed CTLR requirements, the CDFI Fund, in late 2022, removed the separate CTLR requirements. In its place, the CDFI Fund proposed a requirement that CDFI Certification Applicants and Certified CDFIs that are not current active FA recipients report on new originations closed during the most recently completed fiscal year in an abbreviated TLR. The abbreviated TLR contains the 11 data points included in the CTLR proposal and other data fields necessary to allow for Target Market (TM) activity assessment. CDFI Certification Applicants must submit their completed abbreviated TLR prior to the submission of their CDFI Certification Application. Certified CDFIs that are not current active FA recipients are required to submit their complete abbreviated TLR prior to their ACR submission.

The Alliance appreciates the CDFI Fund's desire to collect detailed loan origination data from CDFI Certification Applicants and Certified CDFIs (including non-FA recipients) to identify

gaps more effectively in CDFI financing by geographical area and product type, maintain strong accountability standards for CDFI Certification, and ensure Investment Areas (IA) and targeted populations are being properly served by Certified CDFIs. However, we are concerned that the abbreviated TLR requirement (i.e., for Certified CDFIs that do not have an active FA Assistance Agreement, Rapid Response Program Assistance Agreement, or Future Equitable Recovery Program Assistance Agreement) is unduly burdensome. While we agree that the abbreviated TLR would provide the CDFI Fund with transaction-level data that can be used to evaluate the effectiveness of certified CDFIs and CDFI applicants, it would do so at a significant cost to those institutions. Many CDFIs, particularly smaller CDFIs, will be forced to either make sizable financial investments in the technological infrastructure, software, and human resources necessary to comply with the ACR and abbreviated TLR requirements or face significant capacity and compliance burdens if such investments are not feasible. Our fear is that the increased and burdensome reporting requirements being proposed by the CDFI Fund will cause historically high-performing CDFIs to withdraw from certification and discourage otherwise productive CDFIs from seeking initial certification. Ultimately, individuals that have historically lacked access to the traditional banking system will lose a valuable economic resource if the proposal causes CDFIs to withdraw from certification at a large scale.

That said, we appreciate the proposal to make ACR submissions due 180 days after the reporting entity's most recent fiscal year ends, as the current 90-day requirement poses a significant burden for smaller CDFIs with limited staff capacity. Further, we support the proposal that allows a Certified CDFI that fails to meet the Target Market benchmark over its most recently completed fiscal year to maintain its Certification by demonstrating that it met the benchmark over a three-year period. The Alliance believes that this will provide CDFIs with the flexibility necessary to respond to economic fluctuations, natural disasters, and geographic shifts in demand in the communities they serve.

The Alliance believes that the CDFI Fund is taking the necessary steps to strengthen the entry into this important federal program that impacts underserved communities across the country. We thank you for the opportunity to provide feedback that can enhance the CDFI Fund's ability to expand economic opportunities for underserved communities across the U.S.

Sincerely,



Lenwood V. Long Sr.
President and CEO
African American Alliance of CDFI CEOs