November 12, 2026

Chris Miller, Director
CDFI Fund
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

RE: CDFI Program Certification Application and ACR and TLR (Dockets CDFI-2026-0200 & CDFI-2026-0199)

Dear Director Miller:

Inclusiv, Inc., a national 501(c)(3) organization and Community Development Financial Institution (CDFI), respectfully submits the following comments in response to the Community Development Financial Institutions Fund's (CDFI Fund's) proposed rules, "CDFI Program Certification Application" and "Annual Certification and Data Collection Report (ACR) Form and Abbreviated Transaction Level Report (TLR)."

We appreciate this invitation to provide input on the proposed changes to CDFI applications and reporting and help promote impactful and effective community development finance. We also wish to emphasize that the Paperwork Reduction Act (PRA) process is intended to facilitate review of information collection requirements, not to serve as a vehicle for advancing substantive policy changes, like the proposed changes to Eligible Markets and Accountability. Accordingly, we encourage the Fund to distinguish between updates to information collection requirements and substantive policy changes, pursuing the latter through appropriate processes that allow for more robust stakeholder engagement.

Inclusiv credit unions are committed to maintaining strong performance and continuously deepening their impact for the members they serve. The recommendations below aim to support an approach that is both practical and rigorous, ensuring that certification and reporting requirements effectively assess CDFI performance while remaining manageable for institutions of varying sizes and capacities.

About Inclusiv

Inclusiv is the leading network of community development credit unions with a primary mission of promoting financial inclusion and financial independence for low-income people and communities. The Inclusiv network represents more than 450 credit unions serving nearly 20 million people in predominantly low-income urban, rural, and reservation-based communities across the United States, including Puerto Rico, Guam, and the U.S. Virgin Islands. Inclusiv channels capital to and builds the capacity of community development credit unions dedicated to serving low-income people and disinvested communities that mainstream financial institutions fail to serve. More than 70% (257) of CDFI credit unions are members of Inclusiv. Drawing on our extensive experience supporting and

advocating on behalf of CDFI credit unions and their members, Inclusiv respectfully offers the following responses for the Fund's consideration:

CDFI Program Certification Application

1. *With the proposed change to eligible Target Market (TM) types…is there anything that the CDFI Fund could do to make this deadline more feasible?*

To make the transition deadline more feasible, Inclusiv recommends that the CDFI Fund **allow entities utilizing the Financial Services Option to use geographic proxies to assess the low-income status of credit union members** or bank unique account holders. Requiring institutions to collect individual income data for every member or account holder would impose a significant operational burden, as credit unions typically only collect income information when individuals apply for loans. Thus, credit unions currently lack the means to determine income for the approximately 80% of members who do not apply for loans each year.

Geographic proxies are appropriate when used to estimate the characteristics of entire populations, such as all residents of a community or all members of a credit union (or unique account holders at a bank). Since CDFI Certification is applied to institutions, not individuals, geographic proxies can be applied appropriately to determine the income profile of the population of all credit union members (or bank account holders). Please refer to Inclusiv's Section Zero application, attached as an appendix to this letter, for further detail on our proposed CDFI Low-Income Geographic Proxy methodology.

This geographic proxy methodology could also be used to assess the low-income eligibility of small business activity. Demonstrating that a small business loan serves low-income people through the existing Low-Income Targeted Population (LITP) methodology is challenging because small business owners themselves may not be low-income even if they serve a largely low-income population, and collecting income data on a business's customer base is generally impractical. Allowing CDFIs to use geographic proxies to identify small businesses serving low-income communities would provide a more straightforward and operationally feasible means of demonstrating LITP TM activity through small business loans.

We also recommend that the Fund allow an additional one-year cure period following the one-year transition period for entities using the Other Targeted Population (OTP) TM types that may become ineligible. A cure period would ensure CDFIs that have made a good-faith effort to adjust their practices to the changes but were not able to make a full transition in just one year would have an opportunity to cure before facing potential revocation of certification.

Finally, Inclusiv is concerned that the decision to eliminate race and ethnicity-based OTP TM types undermines efforts to address persistent disparities in access to financial services. The Federal Deposit Insurance Commission's (FDIC) 2023 National Survey of Unbanked and Underbanked Households highlighted a continued need for targeted approaches to financial inclusion: 10.6% of Black households and 9.5% of Hispanic households were unbanked, compared with just 1.9% of White households.[1]

[1] https://www.fdic.gov/household-survey/2023-fdic-national-survey-unbanked-and-underbanked-households-report

Critically, higher unbanked rates among Black and Hispanic households persisted at every income level, suggesting that the LITP TM alone does not fully capture differences in access to financial services across racial and ethnic groups.

We recognize that the current TM methodology for identifying race and ethnicity-based OTP populations presents challenges, as institutions are required to collect individuals' self-reported race and ethnicity information instead of using proxies. People should not be expected to disclose more sensitive personal information in opening an account or borrowing from a CDFI than they would be asked to provide for a large bank. However, this issue can be addressed by revising the TM methodology to permit the use of appropriate proxies, rather than eliminating these OTP categories altogether.

Eliminating race and ethnicity-based OTP would weaken efforts to ensure that all Americans have access to safe and responsible financial services regardless of their race or ethnicity. When more people are able to participate in the regulated financial system, we all benefit from stronger, more stable local economies.

2. *The CDFI Fund is considering raising the threshold for number of financial products an Applicant needs to have closed in their proposed TM during their most recently completed fiscal year (FY). What is a reasonable threshold?*

Inclusiv recommends that the Fund **maintain the existing threshold** for number of financial products closed. Very small, hyperlocal CDFI credit unions may originate relatively few loans in a given year while still carrying out a strong community development mission by providing underbanked communities with access to safe, affordable banking services and free financial counseling. Maintaining the existing threshold would help ensure that smaller institutions are not shut out of CDFI certification based on a single measure of community development activity when they serve their Target Market(s) in other meaningful ways.

3. *In revising the Accountability requirement to be measured through TM activity rather than board representation…what should be the minimum threshold per approved TM type?*

We caution against assessing the Accountability requirement solely through TM activity. Instead, the Fund should retain the current pathways for demonstrating TM accountability while adding additional, more flexible pathways. While financing activity in a TM can demonstrate a financial institution's reach within its TM, it is not an adequate measure of accountability on its own. Unless an institution is organized as a cooperative, the mere delivery of products to a population does not ensure that they have a meaningful voice in the institution's governance or decision-making. This distinction is particularly important for people in CDFI Target Markets, who often have limited options for financial services and, as a result, may have less leverage in shaping the terms on which those services are provided. For example, a high-cost payday lender, which is legally accountable only to its shareholders, should not be able to claim CDFI accountability simply by concentrating its lending among low-income people. Although the payday lender might meet a TM activity threshold, it should not pass the Accountability requirement because its activities exploit the TM's financial needs and the TM lacks a role in the lender's decision-making structure.

At the same time, we recognize that the current requirement to demonstrate board representation for each component of an institution's CDFI TM can be challenging to manage, particularly for smaller CDFIs with less capacity. To address this issue, Inclusiv recommends that the Fund **grant greater flexibility in how CDFIs can demonstrate accountability to their TMs, rather than replacing accountability requirements with TM activity requirements.** Specifically, we suggest allowing CDFIs that meet the TM financing test threshold to demonstrate TM accountability through one or more of the following governance structures:

- **Financial cooperatives**, including credit unions and cooperativas, whose governing boards are composed of members democratically elected by the full membership on a one-member, one-vote basis, and thereby ensure that the people receiving financial products and services have a direct voice in the governance structure.
- **Democratically elected board representation**, where one or more voting board members are democratically elected by the community that the financial institution serves.
- **Democratically elected community advisory board**, reporting to the governing board, where all advisory board members are democratically elected by borrowers or unique account holders on a one-person, one-vote basis.
- **Appointed community advisory board**, reporting to the governing board, where advisory board members may be appointed but must include representatives of the institution's TM(s), hold public input meetings, and maintain public channels through which people served by the institution can provide both solicited and unsolicited feedback.

Offering these alternative pathways to demonstrate TM accountability would preserve the underlying principle of accountability by ensuring that TM populations have opportunities to inform institutional governance and decision-making, while allowing different CDFIs to demonstrate accountability in ways that are more appropriate for their respective structures and capacities.

In evaluating the proposed shift from an Accountability requirement to a measure based solely on TM activity, we also encourage the Fund to consider the Riegle Act, which includes in its definition of a CDFI, "maintains, through representation on its governing board or otherwise, accountability to residents of its investment area or targeted population."[2] While the proposed change may rely on a broad interpretation of "otherwise," we question whether it would satisfy the statute's distinct requirement and intent for accountability.

Finally, we note that that the CDFI Certification Application attached to the request for comment retains the existing board accountability section, seeking board representation for each component of an institution's TM(s). This appears inconsistent with the proposed change, and we request that the Fund please clarify if and how it intends to revise this section of the Application.

[2] https://www.govinfo.gov/content/pkg/COMPS-10825/pdf/COMPS-10825.pdf

4. *Additional concerns regarding the Certification Application*

a. **Conditions on Section Zero requests** (pg. 11)

The Certification Application section on Additional CDFI Certification Requirements states that an Applicant submitting a Section Zero request cannot continue their Application process until the CDFI Fund renders a decision on the request. Given that the Fund has sometimes taken 15 months or more to render a Section Zero decision, we are concerned that this requirement could significantly stall certification and recertification decisions for affected CDFIs.

The Application also indicates that the Fund will publicly release information and updated standards and guidance materials related to newly approved Section Zero requests. We support these actions and encourage the Fund to **establish and communicate a clear timeline for reviewing Section Zero requests and publishing any related information**, so that applicants can benefit from the updates and proceed with recertification without undue delays.

b. Treatment of mergers and acquisitions (pg. 18)

The CDFI Certification Application states that applicants that are acquired or merge with another entity while their Certification Application review is in progress will not be reviewed regardless of whether the merger or acquisition is a material event. Many successful, growth-oriented CDFI credit unions are regularly asked to merge in much smaller credit unions that were formed to meet unmet community needs. In many cases, the merger will either benefit or not have a material impact on the credit unions' CDFI lending or operations. **We recommend the Fund reconsider this stipulation and only deny applications when mergers or acquisitions are material, and a full application from the combined entity is needed**.

c. BI18 Limitations on CDFI OTP TM type (pg. 26)

BI18 effectively removes CDFIs as an eligible OTP TM type for all CDFIs that do not check "Yes" to being a CDFI intermediary. CDFIs should be able to count loans to or deposits in other CDFIs regardless of whether they identify themselves as an intermediary. Limiting eligibility of CDFI loans and deposits to CDFI intermediaries only would limit the flow of capital to CDFIs and emerging CDFIs that are making meaningful investments in underserved communities.

d. BI25-BI27 Questions on material proceedings, changes, or events of noncompliance (pg. 30-31)

CDFIs are, of course, committed to transparency, and it is appropriate for the Fund to monitor CDFIs' compliance with other federal award agreements when awarding funding. However, the questions listed in BI25–BI27 are similar to questions asked of SAM.gov registrants, which include all CDFIs. SAM.gov already addresses these matters with greater specificity, clarifying that a proceeding must result in a finding of fault to be reported and establishing clear monetary thresholds for disclosure. Accordingly, **Inclusiv recommends removing BI25-BI27 from the Certification Application.**

These questions have not historically been included at the application stage, and their vague language may have a chilling effect on prospective applicants by producing uncertainty about how to respond and what circumstances warrant disclosure.

For example, it is unclear how an applicant should respond to BI25 if a proceeding was initiated against them within the past three years but was ultimately dismissed as baseless. Similarly, for BI27, an applicant may be unsure how to respond if they received a purported termination notice for a federally funded program, but the termination was subsequently found unlawful by a federal court. Without clear guidance on what circumstances warrant an affirmative response, these questions are likely to create unnecessary confusion and potentially discourage applications from CDFI-eligible entities**.** These questions are more appropriately included, with greater clarity, in an award agreement instead of at this application stage.

Annual Certification and Data Collection Report (ACR) Form and Abbreviated Transaction Level Report (TLR)

Given that many of the questions posed on the ACR and TLR request for comment overlap with those posed on the Program Certification Application request for comment, we ask that you please refer to our responses above for those questions. Below, we have provided our feedback on matters that are specific to the ACR and TLR.

1. *For consumer loans, the CDFI Fund is considering eliminating the Consumer Loan Report (CLR) and requiring regulated entities to report their consumer loans at the individual loan level using the abbreviated TLR or the full-length TLR. Would this policy change impose a burden on a regulated entity's ability to complete and submit their ACR and TLR in a timely manner?*

The extent of the burden on CDFIs depends largely on whether additional data collection would be needed. **Inclusiv opposes introducing any additional data fields for consumer loan reporting beyond those currently required through the CLR.** Requiring additional data fields would necessitate the development of new data collection and reporting systems, significantly increasing compliance costs and time burden.

If the data requirements remain the same, our primary considerations are that **entities should not be asked to report personally identifiable information (PII)**, such as borrower addresses, and the Fund should ensure the Awards Management Information System (AMIS) has sufficient capacity to accommodate the substantial increase in transaction-level data.

CDFI credit unions currently originate around two million transactions annually, more than 90% of which are consumer loans reported in aggregate at the census tract level through the CLR.[3] Requiring these loans to be reported individually could add more than 1.8 million lines of transaction data to both the TLR-Address and TLR-Project files, which could overwhelm AMIS servers, create delays for users, and generate significant errors requiring time-consuming correction. These risks can be mitigated by

[3] 2025 NCUA Call Report Data

ensuring that AMIS has sufficient data handling capacity to accommodate the increased volume and providing clear guidance for regulated entities to minimize data errors.

2. *ACR Report Items*

Inclusiv recommends that the Fund reconsider several new Report Items included in the proposed ACR that would introduce excessive data collection burdens, be duplicative, or fall outside the scope of CDFI certification requirements. New information requests that are not necessary to administer CDFI certification should not be introduced through the PRA process.

a. **Total TM CU Members, Percentage of CU Members Identified as TM, and LITP TM – Total CU Members** (pg. 28)

The proposed ACR introduces a new requirement for credit unions to report the total number and percentage of members within their currently approved TM(s), as well as the total number of members classified as Low-Income Targeted Population (LITP). Previously, credit unions were permitted to estimate the percentage of their membership within their TM(s) using the geographic distribution of their lending activity. Requiring credit unions to report exact membership figures would necessitate additional data collection and exceed the requirements of the base Certification Application, which only requires membership data from credit unions applying under the Financial Services Option.

If this requirement is implemented, the Fund must permit geographic proxies for low-income analysis, because as mentioned earlier, credit unions generally do not collect income information from members who do not apply for loans. Requiring credit unions to start collecting and maintaining this information for their entire membership would be both impractical and operationally burdensome.

b. **Total Average Full Time Staff Turnover** (pg. 31)

The requirement to report average full-time staff turnover should be removed, as management risk has not historically been a component of CDFI certification and is not assessed as part of the Certification Application.

c. **Audit Findings in the Last FY** (pg. 34)

We recommend removing the requirement to report audit findings from the most recently completed fiscal year (FY), as audit findings are not a component of CDFI certification and are difficult to report with uniformity across financial institutions. Auditors vary widely in the types and severity of findings they include in their reports—some only report material findings, while others report a broader range including minor findings. As a result, the information submitted by CDFIs would not necessarily be comparable or provide a consistent basis for evaluating institutions.

Further, CDFI Fund staff may not have the specialized auditing expertise or capacity to assess the significance of certain findings or determine their relevance to certification eligibility. CDFIs that receive CDFI Fund awards already submit full audit reports to the Fund annually, which provides an appropriate mechanism for the Fund to access this information when relevant. Duplicating this reporting through the ACR is not necessary or additive.

d. **If No, Explain Legal Entity Attestation** (pg. 36)

This item asks entities to describe changes to their legal entity status, but this information is already collected through the Material Events reporting process. Instead, it would be more appropriate for the Fund to ask entities to simply confirm that they have submitted their required Material Events Form if their legal entity status has changed.

e. **RFP31** (pg. 57)

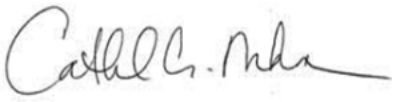
RFP31 asks entities to select listed features associated with a single checking or share account, however, this information is already collected through the Certification Application. Alternatively, we suggest that the Fund streamline this question by asking entities to declare any changes to the features associated with a checking or share account.

f. **All Report Items in Section 4: Financial Products Portfolio Breakdown Detail** (pg. 97-100)

Finally, Inclusiv recommends removing Section 4: Financial Products Portfolio Breakdown Detail in its entirety. When this section appeared in the last ACR, the Fund expressed concerns about it on subsequent webinars. Much of the data requested on outstanding loan portfolios can be pre-populated from existing Call Report data, and the TM percentages of outstanding portfolios would be impossible to calculate for portfolios that include loans originated decades ago. TM percentages of outstanding portfolios would not be useful for reporting or research purposes because CDFIs lack consistent methodologies to calculate these values. Further, since outstanding loan portfolio composition is not a CDFI certification criterion, collecting this information would not meaningfully inform assessments of ongoing certification eligibility and would instead represent an unnecessary reporting burden.

Thank you for the opportunity to comment. For any questions regarding these comments, please contact Alexis Iwanisziw, SVP Policy & Communications, Inclusiv (aiwanisziw@inclusiv.org).

Sincerely,



Cathleen A. Mahon
President/CEO
Inclusiv, Inc.

Section Zero Application: LITP – CDFI Low-Income Geographic Proxy

OD05.2 – Describe the Assessment methodology (including the step-by-step process used to collect the data, review and documents, and/or run the model and process its results)

Credit unions using the Financial Services option for LITP are required to assess the proportion of their entire membership that is low-income, but credit unions have no means of determining the income for the approximately 80 percent of members who do not apply for loans each year (see attached "Annex on Need for Target Market Proxies for the Financial Services Option"). In the absence of income data for credit union members, the proportion of total LITP members may be verified using a geographic proxy based on the CDFI Fund's methodology for designating low-income census tracts. Geographic proxies are appropriate when used to estimate the characteristics of entire populations, such as all residents of a community or all members of a credit union (or unique account holders at a bank). Since CDFI Certification is applied to institutions, not individuals, geographic proxies can be applied appropriately to determine the income profile of the population of all credit union members (or bank account holders). For this reason, Inclusiv recommends the CDFI Fund approve a CDFI Low-Income Geographic Proxy Methodology for determining the LITP characteristics of members/unique account holders of Insured Depositories.

Description of CDFI Low-Income Geographic Proxy:

One of the six criteria the used by the CDFI Fund to designate Qualified Investment Areas are low-income "geographic units" that meet the following criteria:

- for a metropolitan area, has a median family income (MFI) at or below 80 percent of the greater of either the metropolitan MFI or national metropolitan MFI; or,
- for a non-metropolitan area, has a MFI at or below 80 percent of the greater of either the statewide non-metropolitan MFI or national non-metropolitan MFI.

The CDFI Fund currently applies these criteria at the County and Census Tract levels; the Investment Area workbook released in December 2022 lists 85,395 census tracts, of which 40,529 are identified as qualified IAs based on ACS 2016-2020 data. A subset of 31,395 these IA census tracts qualify as low-income geographies, with MFI at or below 80% of the benchmark MFI.

Inclusiv's proposed CDFI Low-Income Geographic Proxy applies this same calculation to the list of 242,336 census block groups using the same vintage ACS 2016-2020 income data from table B19013, which identifies 129,985 census block groups as low-income geographies.

Step-by-Step Process:

1. CDFI Fund releases list of census tracts and census block groups that qualify as Low-Income Geographies for LITP classification of all unique members/account holders of Insured Depositories for the Financial Services option.

2. CDFI Depositories geocode the addresses of all unique members/account holders to obtain both 11-digit census tract and 12-digit census block group FIPS codes.

3. FIPS codes are compared against the approved list of Low-Income Geographies for the Financial Services Option.

4. In the Financial Services object of the Transaction Level Report (TLR) the CDFI Depository will enter “Yes” in column H for all unique members/account holders with FIPS codes that match the approved list of Low-Income Geographies.

5. The records of all addresses and geocoding results will be retained in accordance with CDFI Fund requirements, available for inspection and audit to ensure accuracy.