



3138 10th Street North
Arlington, VA 22201-2149
703.522.4770 | 800.336.4644
f: 703.524.1082
nafcu@nafcu.org | nafcu.org

National Association of Federally-Insured Credit Unions

November 5, 2020

Greg Bischak
Financial Strategies and Research Program Manager
CDFI Fund
Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: Comment Request on Annual Certification and Data Collection Report Form (ACR) and the Certification Transaction Level Report (CTRL)

Dear Mr. Bischak:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing to you regarding the Annual Certification and Data Collection Report Form (ACR) and the Certification Transaction Level Report (CTRL) proposed by the Community Development Financial Institutions Fund (CDFI Fund). NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 122 million consumers with personal and small business financial service products. Credit unions represent more than 75% of CDFI assets and serve more members than the rest of the CDFI industry combined. NAFCU supports and values the mission of the CDFI Fund and appreciates the opportunity to provide comments in response to the CDFI Fund's changes to the ACR and the CTRL. However, NAFCU is concerned about the reporting burden and cybersecurity risks associated with the proposed ACR and CTRL.

Reporting Burden

NAFCU is concerned with the reporting burden placed on CDFI credit unions, particularly those small- and medium-sized credit unions. As regulated and federally-insured financial institutions, credit unions are already required to file call-reports with the National Credit Union Administration (NCUA) and *Home Mortgage Disclosure Act* Loan Application Registers with the Bureau of Consumer Financial Protection (CFPB) in addition to a variety of other reporting. This reporting imposes costs and burdens in the form of establishing appropriate information systems, processes and procedures, and the dedication of staff time and efforts, none of which is then available for the provision of products and services to credit union members. For this reason, all reporting requirements should be narrowly and specifically tailored to meet the actual and immediate needs of the CDFI Fund.

The CDFI Fund's exemption for all recent Financial Assistance (FA) awardees from the ACR is a helpful step towards this goal; however, it does not go far enough. Wherever possible, detailed loan-level reporting should not be required from credit unions where aggregate data will suffice.

Wherever possible, the CDFI Fund should be coordinating with the NCUA and aligning its data requests with the NCUA's reporting requirements to increase efficiency in reporting for credit unions. To further reduce these burdens, the CDFI Fund should explore working more closely with the NCUA and other prudential regulators to automatically obtain reported data. This will allow more credit unions to become CDFI-designated financial institutions while allowing them to also dedicate more of their operating costs and staff time to the communities they serve.

Confidentiality and Security of Member Information

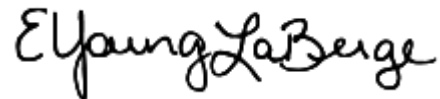
Given the level of information and detail sought in the proposed ACR and CTRLR collection, NAFCU is also concerned with the security and confidentiality of this detailed, loan-level data. The CDFI Fund must establish sufficient security protocols to protect the integrity and confidentiality of credit union information in the transfer, storage and use of reported information. This should include encryption of reported data in transit and storage. The CDFI Fund should provide assurances to reporting credit unions that its security measures include sufficient secure file transfer protocols, encryption, the use of multi-factor authentication, and significant physical controls.

The CDFI Fund should minimize the confidential data it collects to eliminate risks associated with collecting, storing, and using that confidential data wherever possible. The collection of excess data not only burdens credit unions' staff and resources, but it also unnecessarily exposes the data to security risk. Declining to collect unnecessary data eliminates this security risk entirely. The CDFI Fund should conduct a careful and exhaustive cost-benefit analysis of all potential data fields to be collected that accounts for the security risks associated with each piece of data.

Conclusion

NAFCU appreciates the opportunity to provide comments in response to this proposed ACR and CTRLR. If you have any question or concerns, please do not hesitate to contact me at elaberge@nafcu.org or (703) 842-2272.

Sincerely,



Elizabeth M. Young LaBerge
Senior Regulatory Counsel