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National Association of Federally-Insured Credit Unions

November 5, 2020

Tanya McInnis
Program Manager, Office of Certification, Compliance, Monitoring and Evaluation
CDFI Fund
Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: Request for Public Comment on Community Development Financial Institutions Program—Certification Application

Dear Ms. McInnis:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing to you to provide comments in response to the Community Development Financial Institutions (CDFI) Program Certification Application proposed by the CDFI Fund—Certification Application. 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 on the Certification Application. The application process for CDFI-designation must be clear and effective without representing significant barriers to entry, especially for small- and medium-sized credit unions. However, NAFCU is concerned the proposed application creates many such barriers, which ultimately will make it more difficult and unlikely that credit unions will obtain and maintain CDFI-designation damaging both credit unions and the communities they serve.

Aligning the Application Process with the Legal and Regulatory Environment

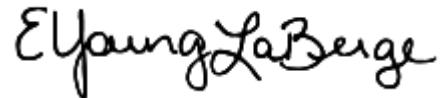
As federally-insured financial institutions, credit unions are examined for compliance with federal regulations and safety and soundness by the National Credit Union Administration (NCUA), and, depending on their size, the Bureau of Consumer Financial Protection (CFPB). These federal regulators, along with their state counterparts, establish a detailed and complex environment of regulatory and legal requirements. Credit unions have designed their products and services, informational and reporting systems, processes, procedures, and operations in response to this environment. In order to reduce the additional burden of the application process, the CDFI Fund must work to align and reconcile its application process with that existing environment and credit union operations.

Unfortunately, the proposal fails to achieve this alignment in several areas. For example, the definitions of “financial products” and “financial services” do not align with the distinctions formed by federal regulators. Similarly, the requirement to describe individual products and services in the primary mission test is burdensome and uses terminology that does not align with the existing regulatory environment. Further, the application should minimize the burden on applying credit unions by recognizing the unique nature of credit unions as democratically-controlled, member-owned financial institutions and eliminating duplicative, irrelevant items regarding basic applicant information and accountability tests. Aligning terminology, reconciling the application with the existing regulatory environment and recognizing the unique governance structure of credit unions would reduce the burden posed by the application process. It would enable credit unions to leverage their current systems and procedures in completing the application and create a simplified and more efficient application process.

Conclusion

NAFCU supports and believes in the mission of the CDFI Fund and appreciates the opportunity to provide feedback in response to this proposed Certification Application. Aligning this requirement with existing requirements will allow more credit unions to obtain CDFI designation, benefiting the communities they serve. 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