



**National Association
of Federal Credit Unions**
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NAFCU | Your Direct Connection to Education, Advocacy & Advancement

October 29, 2015

Ms. Amber Kuchar, CDFI Program Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW, Room 1325
Washington, DC 20220

RE: Response to Request for Comments on the Community Development Financial
Institutions Program Interim Rule

Dear Ms. Kuchar:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally insured credit unions, I am writing to you regarding the U.S. Department of the Treasury (Treasury) request for comment on its interim rule related to the Community Development Financial Institutions (CDFI) Program. *See* 80 FR 52379 (Aug. 31, 2015). NAFCU appreciates the opportunity to provide comments on the amendments to the CDFI Program. While NAFCU and our members generally support this rule as adopted, we urge Treasury and CDFI Program management to modernize and streamline its existing certification and reporting requirements which would make it easier for qualified credit unions to help communities around the country gain capital access and economic development.

General Comments

NAFCU and our members strongly support the fundamental mission and purpose of the CDFI Fund to promote economic revitalization and community development through investment in CDFIs. As not-for-profit, member-focused financial institutions, credit unions are uniquely situated to meet the needs of low-income members, since credit unions have a long track record of providing exemplary financial services at low fees and competitive rates. Similar to the credit union goal of financial inclusion, the mission of the CDFI Program is to increase economic opportunity and promote community development investments for underserved populations and distressed communities in the United States. The CDFI Fund uses federal resources to invest in credit unions and other CDFIs to build their capacity to serve low-income people and communities that lack access to affordable financial products and services. Credit unions with NCUA's low-income designation automatically qualify to apply for CDFI certification, which enables them to apply for assistance and grants from the fund to serve economically distressed

areas. As of June 2015, there are over 2,275 federally insured credit unions that are designated as “low income credit unions” (LICUs) by the NCUA. This number represents over one third of all credit unions, and reaches over 30 million credit union members.

Treasury was authorized to implement and oversee the CDFI Fund by the *Community Development Banking and Financial Institutions Act of 1994* in order to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations. *See* 12 U.S.C. 4701. The CDFI Fund certifies and invests in credit unions that provide financial products and services to low-income communities and members. Year after year, NAFCU continues to hear from our CDFI-certified members that CDFI Funds have been instrumental in allowing their institutions to grow their lending portfolios and offer financial products to members in their communities that have traditionally been underserved. NAFCU appreciates that this interim final rule is being adopted by Treasury in order to comply with the Office of Management and Budget (OMB) Uniform Requirements in an effort to reduce the administrative burden for award recipients, reduce the risk of waste and abuse of federal financial assistance, and establish financial program management standards. However, NAFCU member credit unions have indicated that the current reporting requirements are often cumbersome, time consuming and duplicative. As Treasury reviews its current systems and certification process, NAFCU urges the agency to consider ways to modernize the current software, reporting requirements, and certification process.

NAFCU and our members believe that CDFI funding is a practical, proven and successful way for credit unions to enhance outreach efforts to communities in need of financial services. Through the CDFI Program credit unions are able to make their products and services more accessible to American consumers of all income levels. Accordingly, NAFCU and our members greatly appreciate the Treasury Department’s previous CDFI training events such as its partnership events with the National Credit Union Administration (NCUA) on how credit unions can become certified as community development financial institutions. Increasing awareness and access for credit unions to become eligible CDFIs is vital to the ongoing success of the CDFI Program and ensuring access to capital for populations in need. NAFCU urges the Treasury Department to continue working to ensure that the CDFI Program remains open and accessible to maximize partnership opportunities with credit unions.

Conclusion

NAFCU and our members strongly support the CDFI Program and appreciate the platform it provides for credit unions to make their products and services available to American consumers. We look forward to continuing to work with Treasury to address more ways that the agency can continue to improve and modernize the CDFI Program to more effectively grow and support the dynamic credit union industry in its effort to increase economic opportunity and promote community development across the country. Should you have any questions or would like to discuss these issues further, please feel free to contact me at ksubramanian@nafcu.org or (703) 842-2212.

Sincerely,

Department of Treasury
October 29, 2015
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A handwritten signature in cursive script, reading "K. Subramanian".

Kavitha Subramanian
Regulatory Affairs Counsel