



**CDFI Fund
Recertification Application
Instructions**



WHAT IS RECERTIFICATION?

Recertification is the process of applying for continued CDFI Certification eligibility after the original three-year term has expired. Recertification ensures that organizations can continue to be eligible to apply for or receive financial and technical services for their underserved populations and communities. Each recertification also has a three-year term, which means that every three years organizations must reapply to the CDFI Fund and meet the Recertification requirements for continued funds eligibility.

About This Document

These instructions are designed to be used in conjunction with the CDFI Recertification Application. Although the Recertification Application is intended to be self-sufficient in describing the Recertification application procedures, each applicant should have the following on hand before beginning the process:

1. Original CDFI Certification application.
2. Notice (letter) of original CDFI Certification.
3. Current “myCDFI” account. (<https://www.cdfifund.gov/myCDFI/> or click on [myCDFI](#))
4. Signed Signature Page from the “myCDFI” account.

Recertification Instructions Organization

Each “chapter” in this workbook corresponds to a numbered section in the Recertification Application. Additional information can also be found on www.cdfi.gov under the applicable sections of “CDFI Certification Instructions,” and in the FAQs at the end of this document.

- ① [Recertification Application – Basic Information](#)
- ② [Certification and Signature Page](#)
- ③ [CDFI Recertification Criteria – Financing Entity](#)
- ④ [CDFI Recertification Criteria – Target Market](#)
- ⑤ [Appendix A – Asset Information Table](#)
- ⑥ [Appendix B – Staff Allocation Table](#)
- ⑦ [Appendix C – Target Market Table](#)
- ⑧ [Appendix D – Statement of Unchanged Status](#)

Additional Help

- *CDFI Fund Website* - There is a tremendous amount of information regarding CDFI Recertification on the CDFI Fund website at www.cdfifund.gov.
- *CDFI Fund Helpdesk*: For general certification questions and quick answers contact the Certification Helpdesk either by phone (202.622.6355) or by email cdfihelp@cdfi.treas.gov.
- *Certification Program Staff* : Reach program staff by phone. Their contact information is available in the CDFI Certification section of the CDFI Fund web page or click on [CDFI Staff Directory](#)

TIME LINE FOR CDFI RECERTIFICATION

A certified CDFI may apply to be recertified 90 days prior to the expiration of its CDFI certification, and up to six months after the expiration of its CDFI certification.

To ensure that there is no gap in an institution's certification status, *a CDFI Recertification application must be submitted at least 90 days prior to the certification expiration date.* For example, if the certification expires on October 1, 2009, the CDFI should reapply by July 1, 2009.

If a certified CDFI submits a Recertification application less than 90 days prior to the original certification expiration date, the recertification cannot be guaranteed by that expiration date. If that is the case, the CDFI will be considered uncertified from its certification expiration date until it is recertified.

In cases where a certified CDFI submits a Recertification application after its original Certification expiration date, that CDFI will also be considered uncertified from the expiration date until the time when it becomes successfully recertified.

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RECERTIFICATION APPLICATION - BASIC INFORMATION

The Application's general information form is designed to help reviewers identify your previous CDFI Certification, and any funding that your organization may have received.

- *Expiration Date of Original CDFI Certification* and the *CDFI Certification Number* can both be found on the "Notice of CDFI Certification" letter that was sent to your organization.
- *FA (Financial Assistance)* or *TA (Technical Assistance)* award Control Numbers can be found on the letters that were sent to you either for pending or approved awards.

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CERTIFICATION AND SIGNATURE S

- **Signature Page** – An online form at "myCDFI" that needs to be submitted both electronically, and printed and signed by an "Authorized Representative" as an attachment to the Recertification Application. (The Signature Application was also required for the original CDFI Certification Application.)
- **Statement of Unchanged Status** – A checklist, signed by an Authorized Representative, certifying that certain other criteria have not changed since the previous CDFI Certification.

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CDFI RECERTIFICATION CRITERIA – FINANCING ENTITY

To become a Recertified CDFI, a financing entity must demonstrate that its predominate business activity is the provision of **arms-length transactions, financial products and financial services, development services**, or other similar financing.

Definitions:

- Arms-Length Transactions - A transaction between two otherwise unrelated or affiliated parties.
- Financial Products - Loans, eligible equity investments, and similar financing activities (as determined by the CDFI Fund), including the purchase of loans originated by certified CDFIs, and the provision of eligible loan guarantees.
- Financial Services - Checking, savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit taking, safe deposit box services, and other similar services.
- Development Services - Activities that promote community development, and are integral to the Applicant's provision of Financial Products and Financial Services. Such services prepare or assist current or potential borrowers or investees to use the Financial Products or Financial Services of the applicant. *These services should represent less of the Applicant's financing activities as related to Financial Products and Financial Services.*

NOTE: A regulated Insured Depository Institution, Depository Institution Holding Company, and Insured Credit Union is presumed to meet the Financing Entity certification criteria by virtue of being chartered by an appropriate federal banking agency, which licenses such entities to provide financial products. These organizations do not have to submit any forms or attachments to demonstrate this recertification criterion.

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CDFI RECERTIFICATION CRITERIA – TARGET MARKET

To receive a CDFI Recertification, an entity must serve at least one eligible Target Market: Investment Area, Targeted Population, or Other Targeted Population. Within those Target Markets, a CDFI must demonstrate that it is actively engaged in providing products and services, and is accountable to their Target Markets.

The CDFI Fund designates three types of Target Markets:

1. Investment Area - If the Applicant designates an Investment Area as its Target Market, it's required to submit a narrative that describes the unmet needs for credit within the designated Investment Area(s). An Applicant may designate one or more Investment

Areas. However, if the geographic units are not contiguous, they are considered separate Investments areas.

2. Low-Income Target Population (LITP) - In designating a Target Market for these criteria, the Applicant must identify specific metropolitan, county, and/or state geographies.

Example: Designating “southeastern Virginia” is not acceptable, but “the counties of Sussex, Greenville and Southampton,” is acceptable.

3. Other Targeted Populations (OTP) - For **OTPs**, a narrative must adequately describe the unmet needs if the **OTPs** include Asian Americans, Women, Other Pacific Islanders, or Other.

Example: An applicant may provide the number or percentage of the members of its **OTPs** that have been denied loans from traditional lending institutions; discuss the lack of traditional lending institutions within the designated service areas, or the proliferation of predatory lending entities.

Supporting evidence to corroborate the **Other Targeted Populations** designations must have been conducted within the past five years and pertain to the selected **OTP** in the geographic area designated in the application. The following are examples of acceptable data sources:

- *Mortgage and small business lending data indicating that traditional financial institutions do not serve the group or decline individuals from the group at a higher rate than other groups.*
- *Surveys of the Applicant’s clients, indicating high levels of loan or account denials by traditional financial institutions.*
- *Studies indicating inadequate access among members of the OTP geographic area.*
- *Information showing an inadequate number of bank branches or other traditional financial institutions within the geographic area.*
- *Data regarding the proliferation of high-cost/predatory lenders within the geographic area.*
- *Data that demonstrates that a larger and significant portion of the OTP is “unbanked” when compared to other populations.*

Further considerations for Target Market eligibility

All of the Applicant's financial products activities must be at least 60% for both the number of transactions and the dollar amounts.(50% for Native communities.) directed to the identified Target Market.

To be considered actively conducting financing activities to or in a Target Market, the Applicant needs to demonstrate that is actually making transactions to or in the Target Market, and that is has some connection to the Target Market. Transactions refers to at least somewhere between 4 – 12 transactions that represent the types of borrowers or investees the Applicant is serving, and the type of products that are being offered (housing development loans, mid-size business investments, micro-business loans, etc.)

The Applicant also needs to have a “connection” to the Target Market it serves. This can be through a physical presence in the Target Markets, such as offices, branches, staff stationed in the Target Market, volume of activities, or with local partners in or connected to the Target Market (e.g. collaborations with state and local community groups, and economic development organizations, participation in state and local planning efforts, etc.)

Example: A bank with branches in several LITP cities in Tennessee, and whose loan officers also travel to other cities in the State, is likely to receive the entire State of Tennessee as a Target Market, provided it also demonstrates accountability to the entire State.

Example: An Applicant with a single office in Newark, NJ has three staff members who have completed half-dozen transactions in different states across the U.S. is less likely to be able to receive any one of those transactions states as the Target Market.

Electronic Mapping

Please see the separate guide for step-by-step guidance for designating and submitting the Target Market Maps that are a part of a new CDFI Recertification Application or a request from a certified CDFI to modify its certified Target Market. (For more information please refer to the document on the CDFI Fund website, [“Instructions: Designating a Target Market in my CDFI Fund Guide.”](#))

An electronic map is one of the key factors in determining whether an Investment Area is “qualified.” This means they must have no less than 85% of its population meeting the basic Investment Area criteria, and they must be composed of contiguous units (census tracts or counties).

There is one thing to keep in mind: the electronic mapping system defines contiguity differently than the CDFI Fund. The mapping system considers two areas contiguous if they share a common border in two place (two points); whereas, the CDFI Fund considers two areas contiguous as long as they touch (one point). As a result, the electronic mapping system may consider a map “not contiguous” when the Fund considers it contiguous. If this happens, please contact the CDFI Fund's Help Desk at (202) 622-6355 or cdfihelp@cdfi.treas.gov.

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APPENDIX A – ASSET INFORMATION TABLE

For Non-Regulated Entities, the Applicant must use financial statements and narratives on the Asset Table to demonstrate that:

- Most of its assets are dedicated to financing activities, such as Financial Products, Development Services and related Financing Activities.
- Majority of its staff are dedicated to financing activities, such as Financial Products, Development Services and related Financing Activities.
- It's own capital, as reflected on the balance sheet, is being used to make loans and/or equity investments to non-affiliate entities, loan purchases originated by non-affiliated CDFIs, or loan guarantees.
- There is sufficient capital to sustain its loan/investment activity (generally considered three months of capital).

Predominate Business Activity

There should be no other predominate business activity, as represented in the financial statements or staffing information, than the ones stated in the Applicant's primary mission statement. The other business activities include, real estate development, training and technical assistance not linked to financing (workforce development), and loan packaging.

Example: An Applicant's real estate management activities comprise 45% of its total assets, and financing comprise 35%. The real estate assets, which are not dedicated to the Applicant's financing activities, are the largest category of assets. Therefore, the financing assets are not a plurality of the total assets, and the Applicant would not meet the asset test part of the Financing Entity requirement for recertification.

Transaction Activity

The Applicant should be able to show that it has completed between 4 – 10 transactions. The type of organization the Applicant is should be taken into account in determining a reasonable minimum number of transactions. Non arms-length transactions, such as those made to affiliates or subsidiaries, should be taken out of any Financing Entity criteria calculations.

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APPENDIX B – STAFF ALLOCATION TABLE

The Applicants assets AND staffing should both be predominately dedicated to financing activities. There should be no other predominate business activity, as represented in the financial statements or staffing information, than the ones stated in the Applicant's primary mission statement. The other business activities include, real estate development, training and technical assistance not linked to financing (workforce development), and loan packaging.

Example: 40% of the Applicant's 10 FTEs are dedicated to its financing activities, 20% are dedicated to real estate management, and 25% are dedicated to workforce development activities. The financing activities FTE represent the largest category of FTE's, including the Applicant's real estate management and workforce development staff. In this example, the Applicant would meet the staffing part of the Financing Entity requirement.

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APPENDIX C – TARGET MARKET TABLE

- Complete the Target Market Table based on the organization's total activities, not just the financing activities.
- Estimates may be used in completing the Target Market Table. Estimates are likely to be used for "Development Services recipients: and "depositors/credit union members."
- Describe the method for calculating the estimate in sufficient detail to assure the CDFI Fund that the estimate is accurate and a reasonable representation of the activities directed to the Target market.
- Enter each transaction to a Target Market in only one of the three Target Market columns, even though some transactions could be entered in multiple columns.

Example: A transaction to a low-income Hispanic person could be entered in multiple columns – LITP or the OTP columns – and it is up to the Applicant to choose which column to enter the transaction.

- Make sure that at least 60% of the organization's total activities (deposit/share accounts, members, development services, etc.) are directed to its identified Target Market.

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APPENDIX D – STATEMENT OF UNCHANGED STATUS

If any of the criteria has changed since the original Certification Application, check the statements that apply, and submit this document along with the cover sheet.

FREQUENTLY ASKED QUESTIONS

1. Can my Recertification Application be denied?

Yes, a recertification can be denied, but you may reapply within six months of the original recertification, and submit only the information for the criteria that was not approved.

2. The Target Market area of my organization has changed since our initial CDFI application. How do I document that change?

Please provide the following information to reflect the changes to the Target Market area:

- A new up to-date Target Market table
- A new up-to-date Accountability Chart
- Verification and general narrative explanations of the new Investment Area or Other Targeted Population designations
- Any required document attachments, as described in the Target Market section of the CDFI Recertification Application.
- Create new electronic map(s) using CIMS, the CDFI Fund's mapping program, and save them to the CCSP. (For more information please refer to the document on the CDFI Fund website, "[Instructions: Designating a Target Market in myCDFI Fund Guide.](#)")

Please note that a CDFI must demonstrate that it is actively engaged in providing products and services, and is accountable to the proposed revised Target Market(s). The proposed revised Target Market(s), if approved, will replace the existing certified Target Market(s).

3. What other resources are available to help me learn more about CDFI Recertification?

- CDFI Fund Website - There is a tremendous amount of information regarding CDFI Recertification on the CDFI Fund website at www.cdfifund.gov.
- CDFI Fund Helpdesk: For general certification questions and quick answers contact the Certification Helpdesk either by phone (202.622.6355) or by email cdfihelp@cdfi.treas.gov.
- Certification Program Staff : Reach program staff by phone. Their contact information is available in the CDFI Certification section of the CDFI Fund web page or click on [CDFI Staff Directory](#)

4. Once the CDFI Recertification Application has been completely filled out, where should it be submitted?

Mail one original and one copy of the Certification Application (Signature Page, Certification Questionnaire, and Documentation Attachments) to the address below.

CDFI Recertification Program
CDFI Fund/Department of Treasury
601 13th Street, NW, Suite 200 South
Washington, D.C. 20005

Faxed or e-mailed CDFI Certification applications will not be accepted.

6. How long will it take for my organization to be notified of the recertification decision?

Within 5 to 10 business days of receipt of the Recertification Application by the CDFI fund, a decision letter will be sent to the organization. If a decision cannot be rendered during that time, the organization will be contacted by phone.