

May 24, 2023

Senator Mark R. Warner
Co-Chair Community Development Finance Caucus
703 Hart Senate Office Building
US Senate
Washington, DC 20510

Senator Mike Crapo
Co-Chair Community Development Finance Caucus
230 Dirksen Senate Office Building
US Senate
Washington, DC 20510

Dear Senators:

The CDFI Fund recently announced that it will begin implementing updates to its process for certifying community development financial institutions (CDFIs) by fall 2023. **Our organizations welcome these long-anticipated reforms and urge the CDFI Fund to keep to this timetable.** We ask that your office join us in commending the certification's reforms and encouraging the CDFI Fund to move forward.

CDFI certification is a Treasury Department credential that assures customers, investors, and taxpayers that a financial institution operates with a true community development mission for the benefit of low-wealth people and places.

Private and public sector investors rely on CDFI certification as part of their due diligence to confirm that the financial institutions they invest in operate as advertised and can advance their investment goals. If CDFI certification is not a meaningful assessment of a financial institution's mission, investors, as well as consumers and taxpayers, are harmed.

Over the past few years, the CDFI industry has attracted unprecedented visibility and funding. Inevitably, the influx of capital and public attention has attracted some bad actors.

The CDFI Fund has a responsibility to ensure that unsavory financial services providers targeting low-wealth communities do not qualify for CDFI certification. Reforming the CDFI certification process to include an evaluation of products, terms, rates, and fees is critical for an industry focused on offering affordable, responsible financial products, and verifying a borrower's ability to repay. The Fund's updated approach to certification appropriately considers the features of CDFIs' products including requiring CDFIs to offer consumers loans at affordable rates and mortgages that are sustainable.

Lenders seeking CDFI certification need to be held to high standards to protect consumers and the strong reputation of the CDFI industry. This reputation is built on trust and deep community relationships.

The CDFI Fund's certification update will strengthen this key industry credential and should be implemented in a timely fashion.

Sincerely,

Access to Capital for Entrepreneurs
Accompany Capital

African American Alliance of CDFI CEOS
Albany Community Together
Appalachian Community Capital
Appalachian Growth Capital
Atlanta Neighborhood Development Partnership
B:Side Fund
Capital Good Fund
Capital Impact Partners
Center for Responsible Lending
Charter Schools Development Corporation
Cinnaire
Clearinghouse CDFI
Common Capital
Detroit Development Fund
Homewise
Hope Policy Institute
Invest Detroit
Latino Economic Development Center (MN)
Local Initiatives Support Corporation
Midwest Housing Development Fund
MOFI
NDN Fund, Inc.
National Community Reinvestment Coalition
Neighborhood Housing Services of Baltimore
NeighborWorks Capital
New West Community Capital
Nonprofit Finance Fund
Northwest Native Development Fund
Opportunity Finance Network
Opportunity Resource Fund
Oweesta Corporation
Pathway Lending
People Trust
Propel Nonprofits
Raza Development Fund
Renaissance Community Loan Fund
Self-Help Venture Fund
TruFund Financial Services
Working Solutions CDFI

Cc: Members of the Community Development Finance Caucus