

CDFI Certification Cure Related FAQs

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Introduction

The following information is for entities in a cure status in connection with their Community Development Financial Institution (CDFI) Certification. CDFIs in a cure status must present information with the identified certification related issues to the CDFI Fund by the established cure due dates to resolve the issues; otherwise the CDFI Certification will be deactivated.

The information provided below is intended to assist entities to resolve the CDFI Certification cure status. It includes information on the CDFI Certification requirements that should be taken into consideration as an entity reviews its CDFI Certification status and attempts to demonstrate its compliance with requirements, including the submission of a Target Market modification request. All of these issues may not pertain to your organization. To identify the specific CDFI Certification cure-related issues to be addressed, please see FAQ #4. Capitalized terms are defined in 12 C.F.R. 1805 and/or CDFI Certification Application guidance materials.

1) What does it mean to be in a cure in connection with the CDFI Certification?

A certified CDFI that is in a cure period in connection with the CDFI certification means that a Certified CDFI has failed to demonstrate that it meets one or more CDFI Certification requirements. The CDFI certification remains active during the cure period.

2) How does the CDFI Fund notify Certified CDFIs that their Certification is in a cure status?

Typically, the CDFI Fund notifies a CDFI of its CDFI certification cure status via a cure notification in an ACR. In the cure notification, the CDFI Fund identifies the specific issue(s) the CDFI needs to address and the timeframe to resolve that issue(s).

Recently, the CDFI Fund sent general notifications regarding CDFI Certification cure statuses to CDFIs that exhibited similar deficiencies. For example, in June, July and August of 2022, the CDFI Fund sent general CDFI Certification cure-related notifications to entities that were in a CDFI Certification cure status as of June 2022 and/or that were being placed into a cure status during June, July, or August of 2022.

3) What is my CDFI's CDFI Certification Cure submission deadline?

The CDFI should review the cure related notifications it received from the CDFI Fund to confirm their submission deadline based on the table below.

Cure Related Notification	Cure Deadline
CDFIs that received a general CDFI Certification Cure Notification in June 2022	9/30/2022
CDFIs that only received a general CDFI Certification Cure Notification dated either July 2022 or August 2022	10/23/2022

4) How can my CDFI identify the issue(s) it needs to address to resolve CDFI Certification cure status?

To identify the CDFI Certification noncompliance that resulted in the CDFI Certification being placed into a cure status, you can do either of the following:

- Review any submitted ACR that resulted with a “cure” report status to identify the specific compliance issue that requires resolution.
- Review any general CDFI Certification cure-related notifications your CDFI received from the CDFI Fund via email that includes a list of the potential CDFI Certification issues your CDFI may need to address.
- Review any of your CDFI’s submitted ACRs that do not have a “completed” report status to see what issue(s) your CDFI may have self-identified that may need resolution.
- Check to see if your CDFI has submitted a Material Event Form. A Material Event Form provides the CDFI Fund information regarding a significant change that has occurred with the CDFI. Sometimes the changes identified affect the CDFI’s certification compliance.
- The CDFI Fund has communicated with every CDFI that has received a cure notification via email and/or telephone. The communication informed each CDFI of the specific issue that needs to be addressed, including any Target Marketed related issue in connection with a previously submitted Target Market modification request. If additional clarification is necessary, submit a Service Request to the CDFI Fund via the AMIS portal to request specific information on the reason your CDFI’s CDFI Certification was put into a cure status. Include language in the Service Request subject line indicating that it pertains to the CDFI Certification cure status for priority attention.
 - o Please only submit **ONE** service request for your CDFI; multiple requests clog up the queue. Also, if you submit a service request do not also submit an email unless otherwise directed. Multiple submissions by various means cause response delays, as the CDFI Fund will have to check various outlets to determine if a response has already been provided.

5) How does my CDFI resolve CDFI Certification identified Legal Entity, Financing Entity, Target Market, or Accountability cure-related issues?

- **LEGAL ENTITY**

CHANGES TO GOVERNANCE OR ORGANIZING DOCUMENTS - If the CDFI was placed into a cure in connection with changes to its governance or organizing documents (e.g., bylaws or similar or Articles of Incorporation or similar), a copy of the relevant updated ratified document(s) must be provided.

- Documentation for a ratified document must include evidence that it is a current and binding document of record as demonstrated by the following:
 - The documentation includes a statement signed by a governing leader(s) that was incorporated into the relevant document when it was originally created; or,
 - The documentation clearly references a document that affirms that it was formally ratified by the CDFI's governing leadership and indicates the date the document was adopted (e.g. signed and dated board minutes); or,
 - The documentation provides evidence that it has been filed with and approved by a government agency responsible for the registration or oversight of entities operating within a certain jurisdiction or industry, via the document being signed and dated by or having a date stamp, seal stamp, or filing stamp from a relevant government agency.

- **FINANCING ENTITY**

[Depository Institution Holding Companies, federal or state-regulated credit unions and banks with FDIC deposit insurance automatically pass the Financing Entity criterion and do not need to address Financing Entity issues. Other organizations should review their status to ensure that they meet the Financing Entity requirements.]

PREDOMINANTLY A FINANCING ENTITY - If the CDFI was placed into a cure in connection with the requirement that a CDFI must dedicate the predominance of its assets and staff time to closing eligible Financial Product transactions¹:

- Complete and submit the asset predominance and staffing predominance tables in the CDFI Certification cure-related Financing Entity worksheet; and,
- Submit a current fiscal year to date balance sheet that shows financial information for the CDFI separately and independently from all other organizations (non-consolidated).

IN REGULAR OPERATIONS WITH ELIGIBLE FINANCING - If the CDFI was placed into a cure in connection with the requirement that an CDFI has regular operations closing eligible Financial Product transactions, the regular operations table in the CDFI Certification cure-related Financing Entity worksheet must be completed and submitted to the CDFI Fund.

¹ Transactions with non-Affiliated third parties (with an exception for organizations that received the CDFI Certification via an exception for participants in the CDFI Fund's Bond Guarantee Program) for which the CDFI would be named as a financing entity of record in the associated transaction closing documents.

SUFFICIENT CAPITAL TO CONTINUE FINANCIAL PRODUCT ACTIVITY - If the CDFI was placed into a cure in connection with the requirement that a CDFI have sufficient capital to directly provide eligible Financial Products for at least three months, complete and submit the available capital table in the CDFI Certification cure-related Financing Entity worksheet. Also, submit the current fiscal year to date that shows financial information for the CDFI separately and independently from all other organizations (non-consolidated).

See “CDFI Certification cure-related Financing Entity Worksheet” posted to the CDFI Fund’s website.

- **TARGET MARKET**

VALIDITY OF CUSTOMIZED INVESTMENT AREA - If the CDFI was placed into a cure period due to questions regarding the validity of a customized Investment Area under the current 2011-2015 American Community Survey (ACS) data set, provide the following:

- Evidence that the customized Investment Area was originally created under the current census data set in use by the CDFI Fund must be provided (e.g., indicate that the map originally associated with the customized Investment Area was created using geographic units from the census data set currently in use by the CDFI Fund).

OR

- If the customized Investment Area was created under a census data set no longer in use by the CDFI Fund (e.g., the 2006-2010 ACS data), provide proof from CIMS that affirms the customized Investment Area has been re-created exactly in CIMS under the current 2011-2015 ACS data and the exact geography selected for the Investment Area continues to validate as a distressed area overall.

OR

- If the current approved customized Investment Area is not valid under the 2011-2015 ACS data, submit an approvable CDFI Certification Target Market modification request that eliminates the invalid Investment Area from the overall Target Market. This is an opportunity for the CDFI to propose new Target Market components by either eliminating, adding or proposing a completely different Target Market than it was originally certified, as long as it has the appropriate level of Accountability.

For more information regarding the CDFI Fund’s transition to the 2011-2015 ACS data in 2019, see [FAQs for CDFI Investment Area 2011-2015 ACS data \(cdfifund.gov\)](#)

COMPLIANCE WITH CDFI CERTIFICATION TARGET MARKET BENCHMARKS - If the CDFI was placed into a cure in connection with the CDFI Certification Target Market benchmark requirements:

- The CDFI Certification cure-related Target Market worksheet must be completed and submitted to the CDFI Fund to provide data (using the CDFI’s current fiscal year to date, in most cases) demonstrating that the CDFI is currently meeting the 60% requirement (in both number and dollar of transactions) based on a valid current approved CDFI Certification Target Market.

OR

- The CDFI Certification cure-related Target Market worksheet must be completed and submitted to the CDFI Fund to provide data (using the CDFI's current fiscal year to date, in most cases) on the level of Financial Product activity recently directed to a valid current approved CDFI Certification Target Market. If that data does not demonstrate that the CDFI is currently meeting the 60% requirement (in both number and dollar of transactions) based on the valid current approved CDFI Certification Target Market, sufficient justification for not meeting the CDFI Certification benchmarks must also be provided. **The CDFI Fund will use its discretion to accept or reject the justification.**

OR

- An approvable CDFI Certification Target Market modification request must be submitted.
 - o If using a Target Market Modification Application to cure the CDFI Certification compliance issue(s), submit that application and then re-submit your organization's most recent ACR with an attachment informing the CDFI Fund that the Target Market modification request has been submitted. If the status of your CDFI's most recently submitted ACR has not changed to "cure" by the time cure-related information is ready to be presented to the CDFI Fund, submit an AMIS Service Request with the information that a Target Market modification request has been submitted in connection with a CDFI Certification cure status. Include language in the Service Request subject line indicating that it pertains to the organization's CDFI Certification cure status for priority attention.
 - o The CDFI Fund communicated with every CDFI that has received a cure notification via email and/or telephone. The communication informed each CDFI of the specific issue that needs to be addressed, including a Target Marketed related issue in connection with a previously submitted Target Market modification request.
 - o If you are still unclear of the status of a previously-submitted Target Market modification request or ACR, submit an AMIS Service Request to ask for status information regarding that modification or ACR. Include language in the Service Request subject line indicating that it pertains to the organization's CDFI Certification cure status for priority attention.

See CDFI Certification cure-related Target Market worksheet, posted to the CDFI Fund's website.

- **ACCOUNTABILITY**

COMPLIANCE WITH CDFI CERTIFICATION ACCOUNTABILITY REQUIREMENTS - If the CDFI was placed into a cure period due to changes that might affect its compliance with the Accountability requirements, present the information confirming the CDFI's current Accountability to a valid current approved CDFI Certification Target Market or in connection with a Target Market modification request.

- Accountability information is typically presented in board records created in an organization's account in the CDFI Fund's online AMIS portal. However, for any CDFIs with calendar year 2022 CDFI Certification cure due dates to resolve Accountability issues by demonstrating

Accountability to a valid current approved CDFI Certification Target Market, the Accountability information should be presented via completion and submission of the CDFI Certification cure-related Accountability worksheet.

- Changes that might impact a CDFI's compliance with the CDFI Certification Accountability requirements include, but are not limited to, the following: 1) a board is being used for Accountability purposes that has not previously been presented as a means of Accountability; 2) new members added to and/or existing members departed from a board used as a means of Accountability; 3) new role or function for an advisory board used as a means of Accountability; 4) the source of Accountability for one or more board members has changed; 5) a different board(s) will be used to maintain Accountability to a Target Market component(s); 6) the CDFI is a credit union that has been using the Special Accountability provision² for credit unions to demonstrate its Accountability to a current approved CDFI Certification Target Market component(s) and the governing board for the credit union is no longer democratically elected by the credit union membership, or less than 50% of the current credit union members are part of the specific Target Market type for a relevant Target Market component.

- For instructions on how to present Accountability information on board members in the AMIS "Board" section, refer to the "Create a new Target Market record" section of the AMIS - Submission Guidance for CDFI Certification Application, [AMIS - Submission Guidance for CDFI Certification Target Market Modification](#), or the "AC – Boards Subsection" of the [CDFI Certification Application Supplemental Guidance and Tips](#) handbook.

- If presenting Accountability information in the board section of your CDFI's AMIS account for a current approved CDFI Certification Target Market the following applies:
 - o You will not be able to make changes to an existing board record in your CDFI's AMIS account. You will need to create a new board record to present full information on all current board members and their sources of Accountability.

 - o Link board members from the new board record that are being presented as accountable to a current approved CDFI Certification Target Market component to the existing relevant Target Market record in AMIS. If that cannot be achieved, create a new Target Market record in AMIS for that Target Market component using the exact same Target Market component name from the existing record and link accountable board members to the duplicate Target Market record.

See CDFI Certification cure-related Accountability worksheet, posted to the CDFI Fund's website.

² Credit union governing board members that do not have a conflict of interest are considered accountable to a specific Target Market component if the credit union governing board is democratically elected by a credit union membership of which the majority qualifies as part of the relevant Target Market component.

The special Accountability provision for credit unions can only be used as a source of Accountability for Target Market components for the credit union where the board member serves on the governing board itself, not in situations where the role with a credit union is being presented as a source of Accountability in connection with another entity's CDFI Certification Target Market.

6) My CDFI previously submitted a Target Market modification request to address a CDFI Certification compliance issue(s), but has not received a determination on that request – do we need to take any further action?

The CDFI Fund has communicated with every CDFI that has received a cure notification via email and/or telephone. The communication informed each CDFI of the specific issue that needs to be addressed, including a Target Marketed related issue in connection with a previously submitted Target Market modification request.

If the CDFI Fund has indicated that it will be declining your CDFI's previously-submitted Target Market modification request, then the CDFI will need to find another manner to cure its CDFI Certification issue(s). This may entail the submission of a new Target Market modification request.

If you are still unclear of the status of a previously-submitted Target Market modification request, submit an AMIS Service Request to ask for status information on that application. Include language in the Service Request subject line indicating that it pertains to the organization's CDFI Certification cure status for priority attention.

If your CDFI has a pending Target Market modification that the CDFI Fund will be declining, as identified through communication with the CDFI Fund, submit an AMIS Service Request to notify the CDFI Fund of this situation so that the pending application can be officially declined to make way for a new submission. Include language in the Service Request subject line indicating that it pertains to the organization's CDFI Certification cure status for priority attention.

7) If a Target Market modification will be used to resolve my CDFI's CDFI Certification compliance issue(s), how do I submit a CDFI Certification Target Market modification request?

A Target Market modification request must be submitted in AMIS using the CDFI Certification Target Market Modification Application. Due to the pending black out period for the submission of CDFI Certification related applications, the Target Market Modification Application will not be available after 11:59pm on October 23, 2022 for some CDFIs. Please review the deadline schedule to determine your CDFI's deadline to submit cure related information.

To request a CDFI Certification Target Market modification, please follow the instructions in the guidance manual: [AMIS - Submission Guidance for CDFI Certification Target Market modification](#).

For definitions of CDFI Certification-related terms like Financial Products, etc., please see the Definitions section of the [CDFI regulations](#) (section 104; 12 CFR Part 1805.104):

For information about the CDFI Certification eligibility/compliance criteria, including the Target Market and Accountability requirements relevant to the Target Market modification request, please see the CDFI Certification section of the [CDFI regulations](#) (section 201; 12 CFR Part 1805.201).

For specifics on the CDFI certification eligibility/compliance criteria, please see the guidance (including the CDFI Certification Application [Supplemental Guidance and Tips](#). Even though the CDFI Certification Application: Supplemental Guidance and Tips document is for new applicants, it is useful to currently certified CDFIs, as well.

For guidance on how to create Target Market maps in CIMS, including how to validate an Investment Area that consists of both qualified and non-qualified census tracts, please see the CIMS section of the [Getting Started - Navigating AMIS Training Manual](#) (Updated December 21, 2020) available at [CDFI INFORMATION MAPPING SYSTEM](#) webpage. Also, see the Target Market section of the [CDFI Certification Application: Supplemental Guidance and Tips](#) guidebook.

Specific questions regarding how to submit a Target Market modification request can also be sent to the CDFI Fund via the Service Request function in AMIS. If submitting a Service Request in connection with a CDFI Certification cure status, please make sure to indicate in the Service Request subject line that the help request is regarding CDFI Certification cure status, for priority attention.

8) If a CDFI is submitting a CDFI Certification Target Market modification request, how should it decide what its overall Target Market should be?

The CDFI Fund recommends that an overall CDFI Certification Target Market be created that is (1) not too complicated to understand; (2) for which the CDFI can easily verify whether or not its financing is directed to any of the relevant Target Market components; (3) that allows the CDFI Certification 60% Target Market benchmarks to continue to be met (annual Target Market modifications should not be needed except in very rare circumstances); or (4) for which the needed Accountability is not too difficult to maintain.

9) If a CDFI is submitting a CDFI Certification Target Market modification request, how should it decide what Target Market components to include in the overall Target Market?

A CDFI's Certification Target Market should include only eligible CDFI Certification Target Market types with associated geographies for which the CDFI can demonstrate it has a history of serving those particular Target Market types.

The CDFI Certification Target Market is often not exactly the same as the target markets a CDFI generally identifies as part of the overall market it serves. It is not necessary for the CDFI Certification Target Market to exactly match a CDFI's general overall market(s) and for a variety of reasons that is often simply not possible. For example:

- If a CDFI serves a certain Target Market type allowed by the CDFI Fund, a Target Market component based on that particular Target Market type may not be approved as part of the

overall CDFI Certification, because the CDFI does not have a sufficient history serving that Target Market type within the associated geography or because it cannot demonstrate that it has the needed Accountability to it.

- A CDFI may serve military veterans, but for CDFI Certification purposes, it should capture the military veterans it serves in its CDFI Certification Target Market activity via those veterans falling within Investment Areas and/or being part of income or race/ethnicity-based Targeted Populations.

The overall CDFI Certification Target Market can include one or more Target Market components consisting of the different Target Market types allowed by the CDFI Fund with the same and/or different geographies and/or one or more Target Market components of the same Target Market type within different geographies.

- Target Market components are identified by Target Market type and related geography.
- If an overall CDFI Certification Target Market includes both an Investment Area(s) and a Targeted Population(s), the geographies associated with the Investment Area(s) do not need to be the same as the geographies used for the Targeted Population(s).
- If an overall CDFI Certification Target Market includes more than one Targeted Population type, the geographies for the different Targeted Populations do not need to match each other.
- The overall Target Market can include multiple Target Market components with the same Target Market type, but with different geographies.
- Separate Target Market components must be identified even if the Target Market type is the same if the related geographies for that Target Market type are defined using different base geographic units (e.g., one geography is created based on counties and one on states) and/or if the related geographies are not contiguous with each other. Examples include:
 - An OTP-Hispanic in two counties in Massachusetts that border New Hampshire would be a separate Target Market component from an OTP-Hispanic in New Hampshire if the New Hampshire geography for that OTP-Hispanic was being defined as statewide.
 - An OTP-Hispanic in Oregon and an OTP-Hispanic in Texas are two separate Target Market components.
- The current exceptions to the requirement that separate Target Market maps be created for non-contiguous geographies are: (1) if a national geography proposed in connection with a CDFI Certification Targeted Population Target Market component includes Alaska and/or Hawaii, the map created in CIMS can be non-contiguous - each state in the continental U.S. should be selected along with Alaska and/or Hawaii; and (2) if the proposed geography is all of Puerto Rico, then all the islets that are part of, but not attached to the main island of Puerto Rico can be included in the same map with the main island.

The CDFI Certification 60% Target Market benchmarks do not need to be met for each Target Market component on its own – they just need to be met for the overall CDFI Certification Target Market.

For CDFI Certification Target Markets, a national geography is currently only allowed in connection with Targeted Population Target Market types. To determine whether a national geography will be allowed in connection with a Targeted Population, the CDFI Fund currently assesses whether the arm’s-length Financial Product transactions were closed by the CDFI during the period under review and directed to the relevant Targeted Population well-dispersed throughout the country.

If Financial Product transactions closed to a particular Targeted Population during the period under review were not well dispersed throughout the country, provide additional information to justify a national geography for that Targeted Population. Additional information must be provided in a narrative comment box in the relevant form or via an attachment to that form. Include data on the specific states to which the Financial Product transactions closed with the relevant Targeted Population during the period under review were directed and an explanation of why the Financial Product activity directed to that Targeted Population should be accepted as national in scope.

Investment Area (IA)

Investment Areas are geography-based CDFI Certification Target Market types for which a CDFI demonstrates that activity has been Target Market-directed, demonstrating that the relevant consumers are either individual residents of the Investment Area or organizations/projects located within the Investment Area. If the Investment Area is for a qualified census tract-only or qualified county-only Investment Area, the activity must be directed to a qualified census tract(s) or qualified county(ies) within the relevant Investment Area geography, the income or race/ethnicity of the consumer does not matter.

- There are two types of Investment Areas.

1) An Investment Area that is comprised of qualified census tracts-only or qualified counties-only, within a specific geography. Qualified census tracts and qualified counties are identified by the CDFI Fund as distressed geographies and can be confirmed in CIMS.

Currently, a qualified census tract-only Investment Area can be set up at any geographic level, except for national. While typically set up based on a geographic unit no smaller than the county level, a qualified census tract-only Investment Area can be set up as 1) qualified census tracts within a selection of contiguous census tracts (could be a subset of the census tracts within a single county or it could be a set of census tracts that crosses county or state lines); 2) only qualified census tracts within a single county or a set of contiguous counties (can cross state lines); or 3) qualified census tracts within a single state or a set of contiguous states.

A qualified county-only Investment Area can also be set up at any geographic level, except for national. A qualified county-only Investment Area can be set up as 1) a single qualified county; 2) only qualified counties within a set of contiguous counties (can cross state lines); or 3) only qualified counties within a single state or a set of contiguous states.

For a qualified census tract-only Investment Area, the Investment Area consists of only qualified census tracts or only qualified counties within the overall selected Investment Area geography. A Financial Product transaction counts as being directed to that particular Investment Area if all of the locations associated with the transaction fall within an individually qualified census tract(s) (or, if applicable, a qualified county(ies)) included in the relevant Investment Area geography.

2) An Investment Area that is customized to include a contiguous grouping of both qualified and non-qualified census tracts or both qualified and non-qualified counties that validates on the whole as a distressed community in CIMS. Qualified census tracts and qualified counties are census tracts and counties that have been identified by the CDFI Fund as distressed and can be confirmed in CIMS.

A customized Investment Area can be set up as a grouping of contiguous census tracts (can cross county or state lines); as a single full county; or as multiple contiguous counties. Investment Areas can never be set at the national level. All geographies selected for a customized Investment Area needs to validate in CIMS as an overall distressed area.

For an Investment Area that includes both qualified and non-qualified census tracts or qualified and non-qualified counties, in which the overall selected geography validates as an eligible distressed area in CIMS, a Financial Product transaction counts as being directed to that customized Investment Area if all of the locations associated with the transaction fall anywhere within the relevant Investment Area geography.

- A national level geography is not currently allowed for CDFI Certification-related Investment Area Target Market components. If a CDFI wants to try to capture all of the United States (including its territories) in connection with the Investment Area Target Market type, it could do that via multiple, separate regional Investment Area Target Market components. Separate Target Market maps must be created to represent each of the regional areas. Such Investment Areas will need to be set up as qualified census tract-only or as qualified county-only for a qualified county-only Investment Area to qualified counties)within the selected geography because Investment Areas with broad geographies are unlikely to validate in CIMS as overall distressed areas. Financial Product transactions are deemed Investment Area-directed if directed to individually qualified census tracts or county only qualified counties.
- To capture more activity within a certain geography as Investment Area-directed, a CDFI can include within its overall Target Market a qualified census tract-only and/or a qualified county-only Investment Area(s), along with a customized Investment Area(s) where the customized Investment Area geographies overlap with or fall within the qualified census tract-only or qualified county-only Investment Area(s). Creating a customized Investment Area(s) that overlaps with or falls within a qualified census tract-only or a qualified county-only Investment Area(s), can allow activity that falls in at least some of the non-qualified areas within the relevant geography to be included as Target Market-directed.

Example - If a CDFI wants to set its Investment Area geography as an entire state, but the state does not validate in CIMS as a distressed area on the whole, the CDFI could set up a statewide qualified census tract-only Investment Area. It could establish one or more customized Investment Areas within that state to capture as Investment Area-directed some of the activity that falls within the non-qualified census tracts or counties within that state.

Another option is to set up a series of customized Investment Areas to capture the maximum applicable geographic area within the various Investment Area Target Market components.

- The CDFI Fund may allow Investment Areas to be assessed as one overall geography for Accountability purposes, versus requiring full accountability to each separate geography, if a CDFI is setting up multiple separate Investment Areas due to the following:
 - some are qualified census tract-only or qualified county-only Investment Areas and some are customized Investment Areas, or
 - the geographic units used as the basis for identifying the associated geographies are not the same, or
 - the relevant geographies are not contiguous and some or all of the proposed Investment Areas are in close proximity to each other

These circumstances should be noted in a narrative comment box in the Target Market section of the application form.

- While the CDFI regulations identify the criteria that is used to determine if a census tract/county is qualified or if a larger community qualifies as distressed, the census tracts/counties deemed as CDFI Certification qualified and the other areas as distressed cannot be manually calculated. The CDFI Fund identifies qualified census tracts/counties and distressed communities using a specified census data set. Currently, the CDFI Fund is using 2011-2015 ACS data. The CDFI Fund publishes notifications on its website when data set changes occur.

CIMS must be used to identify which census tracts/counties are qualified for CDFI Certification Investment Area-purposes. Go into CIMS and in the layering menu, select the census tract or the county option for the 2011-2015 ACS data, which will light up CDFI-qualified census tracts or counties in a pre-determined color. To identify which census tracts are qualified for CDFI Certification Investment Area purposes, you can also refer to the CDFI Fund's CDFI Program 2011-2015 ACS [Eligible Investment Areas spreadsheet](#). Select the data tab to see a list of all the census tracts the CDFI Fund accepts as CDFI-qualified.

Low-Income Targeted Population (LITP)

A Low-Income Targeted Population (LITP) is a population-based CDFI Certification Target Market type for which a CDFI must demonstrate that its activity is Target Market-directed. The CDFI must demonstrate that the consumers in the LITP qualify as Low-Income or that LITP end-users were the beneficiaries of the CDFI's housing development or community services.

The CDFI Fund's definition of Low-Income must be used.

To demonstrate activity has been directed to the LITP, a CDFI must be able to determine the actual income of its LITP consumers or LITP end-users that are beneficiaries of the CDFI's housing development or community services. The CDFI does not currently allow a geography proxy to be used (except by a special subset of credit unions) to assess the likelihood that an individual is Low-Income.

- When setting up an LITP Target Market component, both the Target Market type and an associated geography must be identified.
- Targeted Population maps should not be created using any geographic unit smaller than the county level.
- If the CDFI is setting up multiple, separate LITP Target Market components, because the geographic units used as the basis for identifying the associated geographies are not the same, the relevant geographies are not actually contiguous, and some or all of the proposed LITP geographies are at least in close proximity to each other, the CDFI must note such in a narrative comment box in the Target Market section of the application. This will alert the CDFI Fund that it may be able to allow such LITP Target Market components to be assessed as one overall geography for Accountability purposes, versus the required full Accountability to each separate geography.

See exception to non-contiguous geographies in the Other Targeted Population (OTP) section in Question #9.

Other Targeted Population (OTP)

An Other Targeted Population (OTP) is a population-based CDFI Certification Target Market type for which a CDFI can demonstrate that its activity is OTP Target Market-directed by demonstrating the CDFI's consumers qualify as being members of a certain race/ethnic group pre-approved by the CDFI Fund as disadvantaged in the financing marketplace.

The CDFI Fund has pre-approved the following OTPs: African American, Hispanic, Native American, Native Alaskan residing in Alaska, Native Hawaiian residing in Hawaii and Other Pacific Islander residing in Other Pacific Islands.

- When establishing an OTP Target Market component, both the specific OTP Target Market type and an associated geography must be identified.
- Targeted Population maps should not be created using any geographic unit smaller than the county level.
- Provide a narrative in a Target Market comment box if the CDFI has established more than one Target Market component for the same OTP Type. This would be necessitated if 1) the geographic units being used as the basis for identifying the associated geographies are not the same, or 2) the relevant geographies are not contiguous and some or all of the

geographies for that particular OTP type are at least in close proximity to each other. The comment will alert the CDFI Fund that it may be able to allow such Target Market components for that OTP type to be assessed as one overall geography for Accountability purposes, versus the required full Accountability to each separate geography.

- If a CDFI is proposing a Target Market component where the population served is other Certified CDFIs, it will classify that component as an Other- Other Targeted Population (Other OTP; see below).

See exception to non-contiguous geographies in the Other Targeted Population (OTP) section in Question #9.

Other- Other Targeted Population (Other OTP)

An Other- Other Targeted Population (Other OTP) is a population-based Target Market type that is not pre-approved by the CDFI Fund, but for which an entity seeks special approval to include in its overall Target Market.

The Other OTP Target Market type category is also used for Target Market components where the population served is other certified CDFIs.

- When setting up an Other- OTP Target Market component, both the special population type and an associated geography must be identified.
- Targeted Population maps should not be created using any geographic unit smaller than the county level.
- To gain approval to include anything other than a certified CDFI market in an overall CDFI Certification Target Market as an approved Other- OTP, the CDFI proposing the Other- OTP must provide research data demonstrating the identified population is disadvantaged in the following manner: 1) in the financing marketplace of the geography where that population will be served and 2) due to the characteristic(s) defining the population. The data must be no more than five years old. Anecdotal evidence is not sufficient. If an entity cannot provide sufficient hard data, it is unlikely that the Other- OTP will be approved as a CDFI Certification-related Target Market component.
- Because of the difficulty in obtaining approval for an Other- OTP, it is often better to utilize a combination of other standard CDFI Certification Target Market types (including Investment Areas, LITPs or pre-approved OTPs) to try to capture as much activity directed to a special population as possible.

10) What assessment methodologies are allowed to determine if a CDFI's activity has been Target Market-directed for CDFI Certification purposes?

The standard CDFI Certification Target Market verification assessment methods shown below may be used in any combination, as part of a CDFI's overall process of verifying Financial Product transactions as Target Market-directed.

A clear narrative describing the methodology and analysis used to verify Target Market directed Financial Product transactions must be presented.

- Investment Area - Geocode addresses or census tracts in CIMS to ensure that the location falls within the Investment Area (for qualified census tract-only or qualified county-only Investment Areas, the location must be within a qualified census tract or a qualified county).
- LITP – Financial Product consumer income meets the CDFI Fund's definition of Low-Income and relevant income documentation (including documentation of participation in certain public programs as an income proxy) has been requested and verified.

Use of income proxy: CDFIs may use eligibility for or enrollment in government assistance program(s) for which the relevant income limits align with the CDFI Fund's definition of Low-Income (i.e., family income is at or below 80% of Area Median Income (AMI)) as a means of verifying a direct Financial Product consumer's or an end-beneficiary's income status. If using an income proxy rather than collecting source documentation on income level, information should be provided as part of the relevant Target Market verification process to indicate what assessment has been done to determine that qualifying for the government assistance program is highly likely to equate with qualifying as Low-Income as defined by the CDFI Fund.

- LITP –for Financial Product consumers that are either non-profit or for-profit community service providers or for housing development projects, use an acceptable end-beneficiary Target Market proxy.

Use of End-beneficiary proxy: End-beneficiary proxy can be used with Financial Products where the consumers are either non- or for-profit community service providers or facilities (e.g., charter schools, health care facilities, housing development projects).

- OTP – Financial Product consumer self-identifies race/ethnicity [for OTP-Native American Target Market components, self-identification usually supplemented by Tribal card verification]
- OTP – surnames and/or visual verification [for OTP-Native American Target Market components, surnames and/or visual verification usually supplemented by Tribal card verification]

The use of any Target Market verification process not listed above will not be accepted.

If the correct data for a Financial Product transaction used to verify it as Target Market-directed for CDFI Certification purposes is not available, then that transaction cannot be counted as Target Market-directed.

11) What assessment methodologies are NOT allowed to determine if a CDFI's activity has been Target Market-directed for CDFI Certification purposes?

The standard CDFI Certification-related Target Market verification processes do not currently allow any geography proxy to be used to determine if a Financial Product transaction can be counted as Low-Income Targeted Population-directed or Other Targeted Population-directed.

12) For Target Market modifications, what information should a CDFI keep in mind when creating a Target Market map(s) in CIMS to represent its overall CDFI Certification Target Market?

For guidance on how to create Target Market maps in CIMS, including how to validate an Investment Area that consists of both qualified and non-qualified census tracts, please see the CIMS section of the [Getting Started - Navigating AMIS Training Manual](https://www.cdfifund.gov/mapping-system) (Updated December 21, 2020) available at <https://www.cdfifund.gov/mapping-system>. (Also see the Target Market section of the [CDFI Certification Application: Supplemental Guidance and Tips](https://www.cdfifund.gov/programs-training/certification/cdfi/Pages/apply-step.aspx#step1) guidebook, which can also be found at <https://www.cdfifund.gov/programs-training/certification/cdfi/Pages/apply-step.aspx#step1>.)

Disregard any information in the Target Market or CIMS guidance that indicates the CDFI Certification Target Market maps must be attached to a CDFI Certification Application or Target Market modification request.

- There must be a map in CIMS to represent each CDFI Certification Target Market component.
- Investment Area and Targeted Populations can never be represented by the same map, even if they share the same exact geography.
- The map representing a Target Market component must present the exact geography desired for that particular market.
 - o If the overall geography for a certain Target Market type includes more than one non-contiguous area, then separate maps must be set up to present all of the relevant non-contiguous geographies.

All Target Market maps, whether they are prepared in connection with an Investment Area or a Targeted Population, must be comprised of contiguous geographic units. A contiguous map is one where the geographic units (e.g., census tract, county, state) being used as the basis for identifying the relevant geography are all connected to each other. See exception to non-contiguous geographies in the Other Targeted Population (OTP) section in Question #9.

- Non-contiguous Investment Areas and Investment Areas that are not of the same type (i.e., customized Investment Areas versus qualified census tract-only or qualified county-only Investment Areas) cannot be included in the same map.

- For CDFI Certification Target Market components where the geography includes a U.S. territory, a separate Target Market map must be created for each relevant U.S. territory.
- Multiple Targeted Populations that share the same contiguous geography can be represented by the same Target Market map.
 - o When Targeted Population Target Market components are represented by the same Target market map, each such component should be named in separate Target Market records in AMIS using the name of the map that represents it, followed by the relevant Targeted Population type (e.g., for a map named “LITP and OTP-Hispanic map,” which represents both a Low-Income Targeted Population (LITP) and an Other Targeted Population (OTP)-Hispanic Target Market components, the LITP Target Market record in AMIS would be named LITP and OTP-Hispanic map - LITP).
- For an Investment Area that consists of qualified census tracts -only or qualified counties -only within a certain geographic area, the overall geography should be identified in the Target Market map by selecting either a set of contiguous census tracts (can cross county or state lines), a county or set of contiguous counties (can cross state lines), or a state or a set of contiguous states. The Investment Area will consist of only the qualified census tracts or only the qualified counties within the overall geography that is selected.
- For a customized Investment Area that includes both qualified and non-qualified census tracts or both qualified and non-qualified counties, the overall geography must be identified in the Target Market map by selecting a set of contiguous census tracts (including both qualified and non-qualified tracts; can cross county or state lines) or a county or a set of contiguous counties (can cross state lines). The geography selected must validate in CIMS as an overall distressed area.
 - o If a customized Investment Area map does not validate in CIMS as a distressed area overall at the census tract level, individual census tracts (or, if county geographic units are being used, individual counties) can be added and/or deleted until a contiguous map that captures as much of the desired geography as possible intended to be validated.
- Targeted Population maps cannot be created using any geographic unit smaller than the county level.
- Target Market maps must always be created using geographic units tied to the most current ACS data set (currently 2011-2015).

13) For Target Market modifications, what information should a CDFI keep in mind when setting up a Target Market record(s) in AMIS to represent its Target Market?

- A separate Target Market record must be created in AMIS to represent each proposed Target Market component. A Target Market component is a Target Market type with a specific associated geography.

- The different Other Targeted Populations (OTPs) are each considered to be separate and distinct Target Market types. For multiple OTPs being proposed, each OTP and its specific associated geography must be treated as a separate Target Market component and must have its own separate Target Market record in AMIS, even if the associated geography is the same as some or all of the other proposed OTPs.
- The name given to a Target Market record in AMIS should be the same as the name of the CIMS map that represents the relevant Target Market component.
- When Targeted Population Target Market components are represented by the same Target Market map, because they share the same contiguous geography, a separate Target Market record must still be created in AMIS for each of the different Targeted Populations represented by that particular map. For all Targeted Populations represented by the same Target Market map, the related Target Market record name should be the relevant CIMS map name followed by the relevant Targeted Population type (e.g., for a map named "LITP and OTP-Hispanic map," which represents both a (LITP) and an (OTP)-Hispanic Target Market components, the LITP Target Market record in AMIS would be named LITP and OTP-Hispanic map - LITP).

14) What does current fiscal year to date mean?

For CDFI certification purposes it is the CDFI's active fiscal year meant to capture the beginning of the current fiscal year through the present date.

15) What means of accountability can a CDFI present to meet the CDFI Certification Accountability requirement?

Allowed means of CDFI Certification Accountability are currently limited to a governing board and/or one or more advisory boards. Other means of Accountability (e.g., having a formal community input process that might involve things like regular focus groups, community input meetings, etc.) are not allowed.

- Any board presented as a means of Accountability should have at least three members.
- All organization types are allowed to present advisory boards as a means of accountability.
- For advisory boards, the organization must demonstrate that the advisory board meets at least once per year; that its role includes (does not have to be limited to) providing input to the organization's governing leadership (might be the governing or managing board, if there is one, or a managing partner, etc.) on strategic issues, including strategic planning and/or things like the development of Financial Products and Financial Services, credit policies, underwriting policies, etc.; and that it has a formal mechanism in place by which the advisory board input is communicated to the organization's governing leadership.

16) How is accountability assessed for CDFI Certification purposes?

For each Target Market component in the overall Target there must be a governing board or advisory board with a sufficient percentage of accountable board members that represent the Target Market type via sources of Accountability which provide direct ties specifically to the relevant geography.

Accountability to a specific Target Market component must be contained within a single governing or advisory board, but different boards can be used to provide Accountability to different Target Market components, if needed. When an organization presents a governing board and/or an advisory board(s) as a means of Accountability, the CDFI Fund looks at each board separately to see if it provides sufficient Accountability to any of the proposed Target Market components.

Accountability Percentages

General Geography of Target Market	Investment Areas	Targeted Populations
Local (less than Statewide)	30% of board membership should be accountable.	20% of board membership should be accountable.
Statewide (for a single State)	40% of board membership should be accountable.	30% of board membership should be accountable.
National	N/A	40% of board membership should be accountable.

Sources of Accountability

In assessing whether or not a board can be accepted as a means of accountability to any proposed Target Market component, the CDFI Fund checks the board members’ “sources of Accountability.” Board members can be found accountable to multiple Target Market components if they have multiple sources of accountability, or if they have one source of accountability that is acceptable for multiple Target Market components. Details on how to present information to the CDFI Fund on board members’ sources of accountability is provided below.

- Only a board member’s current credentials can be used as a source of Accountability for CDFI Certification purposes – past positions as a board member no longer held are not allowed. In addition, a board member’s source of accountability cannot be based on volunteer work, other than a volunteer role as a board member, as the CDFI Fund seeks more consistent and substantive engagement with a Target Market component than many volunteer roles might involve.

For Investment Areas	For Low-Income Targeted Populations	For Other Targeted Populations African American; Native Alaskan residing in Alaska; Hispanic; Native American; Native Hawaiian residing in Hawaii; Other Pacific Islander residing in Other Pacific Islands	For Other- Other Targeted Populations - certified CDFIs
Resident of a qualified census tract in the Investment Area.	Low-Income individual that lives or works in the associated Low Income Targeted Population geography.	Member of the Other Targeted Population that lives or works in the associated Other Targeted Population geography.	Employed by or serves on the board of a third party CDFI that primarily serves the geography associated with the certified CDFIs Target Market component.
Owns a business located in a qualified census tract(s) in the Investment Area geography that principally employs and/or principally provides goods or services to residents of the Investment Area. <i>For qualified census tract-only or qualified county-only Investment Areas, the focus must be on residents of qualified/distressed areas within the relevant Investment Area geography.</i>	Employed by or serves on the board of a third party entity that primarily provides services to Low-Income people (or as a proxy of serving the LITP, residents of distressed areas) in the associated Low Income Targeted Population geography. <i>The entity where the board member is employed or for which he/she is a board member cannot be a bank entity unless the bank entity is a certified CDFI.</i>		
Elected Official for the Investment Area (primarily represents residents of the Investment Area). <i>For qualified census tract-only or qualified county-only Investment Areas, the focus must be on residents of qualified/distressed areas within the relevant Investment Area geography.</i>			
Employed by or serves on the board of a third party entity that primarily provides services to residents of the Investment Area (or as a proxy for serving distressed areas, members of the LITP). <i>The entity where the board member is employed or for which he/she is a board member cannot be a bank entity unless the bank entity is a certified CDFI.</i> <i>For qualified census tract-only or qualified county-only Investment Areas, the focus must be on residents of qualified/distressed areas within the relevant Investment Area geography.</i>			
<p>Special Accountability provision for credit unions: Any member of a credit union’s governing board that does not have a conflict of interest is considered accountable to a Target Market component for that particular credit union if the governing board is democratically elected by a credit union membership of which at least 50% of the credit union members are part of the relevant Target Market type as of the current FY to date.</p> <p><i>The special Accountability provision for credit unions can only be used as a source of Accountability for Target Market components for the credit union where the board member serves on the governing board itself, not in situations where the</i></p>			

Accountability is assessed separately and independently for each separate Target Market component. The only exception to this rule is if the Target Market components are of the same type and have contiguous geographies, but had to be set up as separate Target Market components because the base geographic units used to identify the relevant geographies are different or because the relevant geographies are in close proximity to each other, but are not contiguous. Under these circumstances, the CDFI Fund can typically assess Accountability for those Target Market components as if they are a single component.

- Target Market components are identified by Target Market type and a related geography. Each Target Market component must have its own Target Market record in an organization's AMIS account.
- For the CIMS maps that represent the different Target Market components, Investment Areas maps must always be separate from Targeted Population maps; each Investment Area must have its own map; but any Targeted Population that shares the same exact geographic area can be represented by the same map. If a CIMS map is shared because the geography is exactly the same, each Target Market type with that same shared geography must have its own AMIS Target Market record. The Target Market record name should be the CIMS map name with the relevant Target Market type incorporated.

A single governing or advisory board can be used as a means of Accountability for multiple Target Market components, as long as there is sufficient Accountability to each of the different Target Market components among the board members on that particular board. Individual board members are allowed to provide Accountability to more than one Target Market component, as long as they have the needed sources of Accountability. If an organization needs to demonstrate Accountability to more than one Target Market component, it may need to present more than one board for Accountability purposes.

17) What sources of accountability and board member information must be presented to demonstrate a board member's accountability?

In assessing whether or not a board can be accepted as a means of accountability to any proposed Target Market component, the CDFI Fund checks the board members' "sources of Accountability" (see sources of accountability chart in question #16).

Only a board member's current credentials can be used as a source of Accountability for CDFI Certification purposes; past positions a board member no longer hold are not allowed. In addition, a board member's source of accountability cannot be based on volunteer work, other than a volunteer role as a board member. The CDFI Fund seeks more consistent and substantive engagement with a Target Market component than many volunteer roles might involve.

A board member can be presented as accountable to more than one Target Market component. Board members can be found accountable to multiple Target Market components if they have multiple sources of accountability, or if they have one source of accountability that is acceptable for multiple Target Market components.

Board members presented as accountable cannot have a conflict of interest. See Conflict of Interest question #24.

When entering board member address and/or census tract information in CDFI Certification Application Board Member data fields in AMIS, do not use the Community Development Entity (CDE) certification selections (i.e., all data fields in the Organization Board Member Detail section of the board member record in AMIS that exist below the conflict of interest data field). Data entered cannot be accepted as confirmed home or employment location information, as the CDFI Fund cannot validate that information.

Investment Area and Accountability

- If an Investment Area consists of qualified census tracts -only or qualified counties -only in the selected Investment Area geography (as opposed to when the proposed Investment Area is a customized Investment Area that includes both qualified and non-qualified census tracts or both qualified and non-qualified counties, and validates in CIMS as a distressed community overall), board members must always be specifically accountable to the qualified areas (i.e., the distressed areas) within the proposed Investment Area geography.
- Special Accountability provision for credit unions as a source of Investment Area Accountability
 - o If a credit union seeks to use the special Accountability provision for credit unions, it must provide the following information in the Source of Accountability data field in each governing board member's record in AMIS:
 - confirmation of organizational documentation demonstrating the governing board is democratically elected by the credit union membership,
 - data on the percentage of the credit union membership that resides in Investment Areas as of the current fiscal year to date, and
 - information on how that percentage was verified.
- Resides in a qualified census tract within the Investment Area geography
 - o Board members that are being presented as accountable to an Investment Area as residents of the Investment Area must live within a qualified census tract within the Investment Area geography (even if the Investment Area itself is a customized Investment Area that includes both qualified and non-qualified census tracts or both qualified and non-qualified counties, and that validates as a distressed area overall in CIMS).
 - o When a board member's source of Accountability for an Investment Area is the member resides within a qualified census tract within the Investment Area geography, the CDFI

must provide the board member's home address or census tract of residence in the Source of Accountability data field in the board member's record in AMIS.

- An employee of or board member for a third party entity that primarily serves residents of the Investment Area
 - When board members are presented as accountable to an Investment Area on the basis of their role as an employee of or board member for a third-party entity that primarily serves residents of the Investment Area the following rules apply:
 - The relevant entity where the board member is employed or serves as a board member cannot be the entity that submitted the CDFI Certification application or Target Market modification request.
 - The relevant third-party entity cannot be a bank, unless the bank is a certified CDFI.
 - The relevant third-party entity does not have to be located in a qualified census tract within the relevant Investment Area geography, nor does it have to be located in the Investment Area. However, clear evidence must be provided demonstrating that, across all of its activities and locations, it PRIMARILY serves residents within the Investment Area.
 - For an Investment Area that includes qualified census tracts -only or qualified counties -only, the CDFI must present clear evidence demonstrating the relevant third-party entity PRIMARILY serves residents of qualified census tracts/counties or of distressed areas (or as a proxy, Low-Income people who are likely to live in distressed parts of a community) within the relevant Investment Area geography.
 - When assessing third party entities, all of the activities in which a third party entity engages in and the entire area it serves must be considered. The CDFI must be able to demonstrate how a third party entity PRIMARILY serves residents of the relevant Investment Area geographies, including for the use of any geographic proxy being presented.
 - If the Investment Area is a customized Investment Area that includes both qualified and non-qualified census tracts or both qualified and non-qualified counties, and validates in CIMS as a distressed area overall, the evidence must simply demonstrate that, across all of its activities and locations, the third-party entity PRIMARILY serves residents within the overall Investment Area geography.
 - If the third party entity's service area is broader than the geography for the relevant Investment Area, the CDFI must provide evidence that the

entity focuses on some or all of the relevant Investment Area geography.

- Any data or back-up document(s) used by the CDFI in making the determination that the source of Accountability is viable must be accessible by the CDFI Fund, if requested (e.g., via an online link, via an attachment to the application/modification request form or because the organization seeking to obtain or maintain the CDFI Certification has it on file and is able to provide it to the CDFI Fund upon request).
- When board members are being presented as accountable to an Investment Area on the basis of their status as an employee or board member for a third party entity that primarily serves residents of a proposed Investment Area provide the following: 1) the name of the third party entity; and 2) information on how the determination was made that it PRIMARILY serves residents within the proposed Investment Area by assessing all activities the third party entity undertakes and its entire service area or as a proxy, Low-Income people within the relevant Investment Area who are likely to live in the distressed parts of that community; and 3) any data or back up documents used to assess accountability. Enter this information in the Source of Accountability data field in the board member's record in AMIS. If the proposed Investment Area includes qualified census tracts -only or qualified counties -only within the relevant geographic area, the CDFI must provide information on how the determination was made that the third party entity PRIMARILY serves residents within the proposed Investment Area. The justification must be based on all the activities the third party entity undertakes and its entire service area to demonstrate the third party entity PRIMARILY serves residents of qualified census tracts/counties or of distressed areas (or as a proxy, low income people who are likely to live in distressed parts of a community) within the relevant Investment Area geography.

If the third party entity's service area is broader than the geography for the relevant Investment Area, the CDFI must provide evidence demonstrating the entity's focus on some or all of the relevant Investment Area geography.

- Indication that a third party entity PRIMARILY serves an Investment Area includes, but is not limited to the following:
 - The entity's mission indicates a focus on 1) distressed communities (or, as a proxy, that it focuses on Low-Income people); and 2) the entity's service area is primarily focused on the relevant Investment Area geography. This requires documentation of the entity's mission and its service area (e.g., a link(s) to the entity's webpage where the mission and/or service area information shows).
 - When assessing third party entities, all of the activities in which a third party entity engages in and the entire area it serves must be considered. The CDFI must demonstrate how a third party entity PRIMARILY serves residents of the relevant Investment Area geographies, including the use of any geographic proxy being presented.

- If a proxy is used to determine the provision of Financial Products to primarily Low-Income people, provide an explanation that addresses the likelihood that Low-Income individuals reside in distressed areas.
 - If the third party entity's service area is broader than the geography for the relevant Investment Area, evidence demonstrating the entity's focus on some or all of the relevant Investment Area geography must be provided.
- Per impact information in the entity's annual report, the entity's consumers are primarily residents of distressed communities (or, as a proxy, that they are Low-Income). The annual report must also confirm the entity's service area is primarily focused on the relevant Investment Area geography. Provide the entity's annual report, and the location of the information within the annual report that contains the relevant impact information and documentation of the entity's service area (e.g., a link(s) to the entity's webpage where the annual report and/or service area information can be found).
 - When assessing third party entities, all of the activities in which a third party entity engages in and the entire area it serves must be considered. The CDFI must be able to demonstrate how a third party entity PRIMARILY serves residents of the relevant Investment Area geographies, including for the use of any geographic proxy being presented.
 - If a proxy is used to determine the provision of Financial Products to primarily Low-Income people, provide an explanation that addresses the likelihood that Low-Income individuals reside in distressed areas.
 - If the third party entity's service area is broader than the geography for the relevant Investment Area, evidence demonstrating the entity's focus on some or all of the relevant Investment Area geography must be provided.
- Per a letter from the third party entity's leadership on that entity's letterhead (signed by someone other than the person who is being presented for Accountability purposes), the third party entity primarily serves residents of distressed communities (or, as a proxy, that it focuses on low income people) in the Investment Area geography.
- The third party entity clearly engages primarily in real estate development or real estate management. The addresses of the projects supported within XYZ timeframe that are currently under development and/or that it currently manages are geocoded and located in the relevant Investment Area. The CDFI must provide 1) information on what dataset of properties were assessed (i.e., was the entity involved at some point during the last 12 months with those properties currently in process and/or those currently under management); 2) documentation of where the entity's projects are located; 3) an explanation of how the determination was made that the entity primarily engages in real estate development or management; and 4) a statement explaining the entity's

primary engagement in real estate development and because most of the projects' (or housing units) location are within the Investment Area (for qualified census tract-only or qualified county-only Investment Areas, within qualified census tracts or within qualified counties within the relevant Investment Area geography), the determination has been made that the entity primarily serves residents within the relevant Investment Area geography. Some of this information might be documented by providing a link(s) to the entity's webpage where the project and entity purpose information can be found.

- **Sample source of Accountability description** for a board member being presented as accountable to a qualified census tract-only or qualified county-only Investment Area via their role as an employee of another entity includes the following:

- This board member is accountable to the Investment Area as an employee at XXXX, which primarily serves residents of the Investment Area. The determination was made that XXXX primarily serves residents of the Investment Area as:

- XXXX's mission statement available online at [enter website] OR information in the most recent annual report available online at [enter website]; OR a written statement from XXXX's leadership; etc. indicates that XXXX focuses on distressed communities; and service area information at its public website shows that it also primarily focuses on communities within the relevant Investment Area geography. Any supporting data or documentation regarding this determination for which an online link is not provided or which is not attached to the CDFI Certification application form is available upon request.

OR

- XXXX's mission statement available online at [enter website] OR annual report available online at [enter website] OR a written statement from XXXX's leadership indicates that its primary activity is the development and/or management of affordable housing and analysis of the housing units currently under management by XXXX obtained from XXXX's website at [enter website] OR obtained from information in the most recent annual report available online at [enter website]; OR obtained via a written statement from XXXX's leadership indicates that at least 50% of those units are located in qualified census tracts within the relevant Investment Area geography. Any supporting data or documentation for this determination for which an online link is not provided or which is not attached to the CDFI Certification application form is available upon request.

OR

- Information available online at [enter website] indicates that XXXX primarily serves Low-Income people within the relevant Investment

Area geography. Low-Income people are considered likely to reside in distressed areas. Primarily serving that population within the relevant Investment Area geography also indicates a focus on distressed communities within the Investment Area geography. Any supporting data or documentation regarding this determination for which an online link is not provided or which is not attached to the CDFI Certification Application form is available upon request.

- Owner of a business that primarily serves or employs residents of the Investment Area
 - For board members that are being presented as accountable to an Investment Area on the basis of their ownership of a business that primarily serves or employs residents of the Investment Area the following applies:
 - Business is defined as all business activities and locations associated with a single tax identification number.
 - If a board member owns multiple entities operating under different tax identification numbers, all of them are considered separate businesses and should be presented as such.
 - The owned business must be located in a qualified census tract within the relevant Investment Area geography.
 - The board member should be directly involved in the owned business' operations.
 - Evidence must be provided to demonstrate that, across all business activities and locations, the owned business PRIMARILY serves or employs residents from within the Investment Area.
 - For an Investment Area that includes qualified census tracts -only or qualified counties -only, the CDFI must present clear evidence that all the activities and locations of the owned business and its entire overall service area are assessed to determine that it PRIMARILY serves or employs residents of qualified census tracts/counties or of distressed areas within the relevant Investment Area geography.
 - If the Investment Area is a customized Investment Area that includes both qualified and non-qualified census tracts or both qualified and non-qualified counties, and that validates in CIMS as a distressed area overall, the evidence must demonstrate that, across all of its activities and locations, the owned business PRIMARILY serves or employs residents from within the overall Investment Area geography.
 - If the business' service area is broader than the geography for the relevant Investment Area, evidence demonstrating the entity's focus on

some or all of the relevant Investment Area geography must be provided.

- Any data or back-up document(s) used in making the determination that the source of Accountability is viable must be accessible by the CDFI Fund (e.g., via an online link, via an attachment to the application/modification request form or because the entity seeking to obtain or maintain the CDFI Certification has it on file and is able to provide it to the CDFI Fund upon request).
- When status as the owner of a business, that is located in a qualified census tract within a proposed Investment Area and that primarily serves or employs residents of the proposed Investment Area, is being used as the source of Accountability for an Investment Area, the following must be provided in the source of Accountability data field in the board member's record in AMIS: 1) the name of the business(es); 2) its address(es); and 3) information on how the determination was made that across all of the business' activities and locations, and given its entire overall service area, it PRIMARILY serves or PRIMARILY employs residents from within the proposed Investment Area .

If the proposed Investment Area includes qualified census tracts-only or qualified counties-only within the relevant geographic area, the CDFI must provide information on how the determination was made that:

- The business PRIMARILY serves or employs residents of the proposed Investment Area, across all of its activities and locations and given its entire overall service area, or
- The business PRIMARILY serves or employs residents of qualified census tracts/counties or of distressed areas within the relevant Investment Area geography.
- If the business' service area is broader than the geography for the relevant Investment Area, evidence demonstrating the entity's focus on some or all of the relevant Investment Area geography must be provided.
- Evidence that an owned business primarily serves or employs residents of an Investment Area includes, but is not limited to, the following:
 - The business is the type of business that serves residents within a local area (e.g., grocery store, pharmacy, dance studio, neighborhood restaurant, shoe store, etc.) and that based on the business location(s), the area served by the business is PRIMARILY within the Investment Area geography. Therefore, the business likely primarily serves residents within the Investment Area.
 - If the proposed Investment Area includes qualified census tracts-only or qualified counties-only within the relevant geographic area, the information on how the determination was made that the business PRIMARILY serves residents of the proposed Investment Area should

explain how the business PRIMARILY serves, across all of its activities and locations and given its service area, residents of qualified census tracts/counties or of distressed areas within the relevant Investment Area geography.

- If the business' service area is broader than the geography for the relevant Investment Area, evidence that the entity focuses on some or all of the relevant Investment Area geography must be provided.
 - Across all of the business' activities and locations, 50% of all of its employees reside within the Investment Area. This requires documentation of the employees' home addresses (the employee address information would need to be maintained so it could be made available to the CDFI Fund if asked for).
 - If the proposed Investment Area includes qualified census tracts -only or the qualified counties -only within the relevant geographic area, the information on how the determination was made that the business PRIMARILY employs residents of the proposed Investment Area should explain, across all of its activities and locations, how the business PRIMARILY employs residents of qualified census tracts/counties or of distressed areas within the relevant Investment Area geography.
 - The business provides delivery services and that the delivery customers are a reasonable sample of the business' overall customer base. Delivery records indicate that at least 50% of the business' customers reside within the Investment Area - this would require documentation of the delivery customers' home addresses (the customer address information would need to be maintained so it could be made available to the CDFI Fund if asked for).
 - If the proposed Investment Area includes qualified census tracts -only or qualified counties -only within the relevant geographic area, the information on how the determination was made that the business PRIMARILY serves residents of the proposed Investment Area should explain how the determination was made that, across all of its activities and locations and given its entire overall service area, the business PRIMARILY serves residents of qualified census tracts/counties or of distressed areas within the relevant Investment Area geography.
- Elected official that primarily represents residents of the Investment Area
- For a board member's role as an elected official to be used as source of Accountability for an Investment Area the following applies:
 - The elected official must primarily represent the proposed Investment Area.
 - When the proposed Investment Area consists of qualified census tracts -only or of qualified counties -only, the elected official must primarily represent qualified census tracts or qualified counties that fall within the Investment Area geography.

- If the elected official’s jurisdiction is broader than the geography for the relevant Investment Area, evidence that the elected role focuses on some or all of the relevant Investment Area geography must be provided.
 - Any data or back-up document(s) used in making the determination that the source of Accountability is viable must be accessible by the CDFI Fund, if needed (e.g., via an online link, via an attachment to the application/modification request form; or because the entity seeking to obtain or maintain the CDFI Certification has it on file and is able to provide it to the CDFI Fund upon request).
- When status as an elected official, representing residents of the proposed Investment Area, is being used as the source of Accountability for an Investment Area, the elected role should be identified and described. Information, including how the determination was made that the elected official PRIMARILY represents residents from within the proposed Investment Area, must be provided in the source of Accountability data field in the board member’s record in AMIS.
 - If the proposed Investment Area includes qualified census tracts-only or qualified counties -only within the relevant geographic area, information on how the determination was made that the elected official PRIMARILY represents residents of the proposed Investment Area, qualified census tracts/counties or distressed areas within the relevant Investment Area geography must be provided. Evidence must be provided that 1) the elected official's jurisdiction primarily consists of qualified census tracts or of qualified counties that fall within the Investment Area geography or 2) that the population represented by the elected official primarily resides in qualified census tracts or qualified counties that fall within the Investment Area geography. When the proposed Investment Area consists of qualified census tracts-only or of qualified counties-only, it is not sufficient to provide evidence that the elected official primarily represents some or all of the overall Investment Area geography. The CDFI must demonstrate that the elected official primarily represents qualified census tracts or qualified counties within that Investment Area geography.
 - When the proposed Investment Area is a customized Investment Area that includes both qualified and non-qualified census tracts or both qualified and non-qualified counties, and validates in CIMS as a distressed community overall, the elected official must primarily represent some or all of the overall Investment Area geography For a customized Investment Area, evidence must be provided that the elected official's jurisdiction primarily falls within the overall Investment Area geography or that the population represented by the elected official primarily resides within the overall Investment Area geography.
- Evidence that an elected official primarily represents residents of an Investment Area includes, but is not limited to the following:
 - That at least 50% of the physical jurisdiction represented falls within the proposed Investment Area.

- If the proposed Investment Area includes qualified census tracts -only or qualified counties -only within the relevant geographic area, information on how the determination was made that the elected official PRIMARILY represents residents of the proposed Investment Area, or residents of qualified census tracts/counties or distressed areas within the relevant Investment Area geography, must be provided.
 - If the elected official’s jurisdiction is broader than the geography for the relevant Investment Area, evidence that the elected role focuses on some or all of the relevant Investment Area geography must be provided.
- That at least 50% of the population represented by the elected official are residents of the proposed Investment Area.
 - If the proposed Investment Area includes qualified census tracts -only or qualified counties -only within the relevant geographic area, information on how the determination was made that the elected official PRIMARILY represents residents of the proposed Investment Area, or residents of qualified census tracts/counties or distressed areas within the relevant Investment Area geography must be provided.
 - If the elected official’s jurisdiction is broader than the geography for the relevant Investment Area, evidence that the elected role focuses on some or all of the relevant Investment Area geography must be provided.

Low-Income Targeted Population and Accountability

- Special Accountability provision for credit unions as a source of LITP Accountability
 - If a credit union seeks to use the special Accountability provision for credit unions, provide the following information in the Source of Accountability data field in each governing board member’s record in AMIS:
 - confirmation of organizational documentation that evidences that the governing board is democratically elected by the credit union membership,
 - data on the percentage of the credit union membership that is part of the LITP as of the current fiscal year to date, and
 - information on how that percentage was verified.
- Qualifies as Low-Income and lives or works in the relevant LITP geography
 - Board members, that are being presented as accountable to a Low-Income Targeted Population Target Market component on the basis that they are themselves members of the LITP living or working in the relevant geography for the LITP Target Market component, must be documented as having a family income (adjusted for family size)

that is at or below 80% of Area Median Income. The board member's status as living or working in the relevant LITP geography must be verified.

- Self-certification by the board member that he/she qualifies as Low-Income is not sufficient.
 - The first time a board member is presented as accountable to an LITP Target Market component as a member of the LITP that lives or works in the associated LITP geography, his/her family income level and residence/work address should have been recently verified. Going forward, the family income level and residence/work location should be verified regularly and periodically in order for the board member to continue to be considered accountable in this manner.
 - If a board member is presented as accountable to an LITP Target Market component as a member of the LITP that lives or works in the associated LITP geography, documentation of their income level must be provided to the CDFI Fund upon request.
- When status as a member of the LITP that lives or works within the associated LITP geography is used as the source of Accountability for an LITP Target Market component, the CDFI must provide 1) an explanation of when and how the board member's family income was verified and 2) the address or census tract number for the board member's place of residence or place of employment in the Source of Accountability data field in the board member's record in AMIS.
- Employee of or board member for third party entity that primarily serves members of the LITP within the relevant LITP geography
- When board members are being presented as accountable to a Low-Income Targeted Population Target Market component on the basis of their role as an employee of or board member for a third-party entity that primarily serves the LITP within the associated LITP geography the following applies:
 - The relevant entity where the board member is employed or serves as a board member cannot be the CDFI.
 - The third party entity must primarily serve those with incomes at or below 80% of area median income within the geography associated with the LITP Target Market component.
 - The relevant third-party entity cannot be a bank unless the bank is a certified CDFI.
 - The relevant third-party entity does not have to be located in the geography associated with the LITP Target Market component, but evidence must be provided to demonstrate that, across all of its activities and locations, the third-party entity PRIMARILY serves members of the LITP within the associated LITP geography.

- If the third party entity's service area is broader than the geography associated with the relevant LITP Target Market component, evidence that the entity focuses on the LITP within the associated LITP geography must be provided.
- When status as an employee of or board member for a third-party entity that primarily serves the LITP within the geography associated with an LITP Target Market component is being used as the source of Accountability for an LITP Target Market component provide the following: (1) the name of the third party entity and (2) information on how the determination was made that, given all the activities the third party entity undertakes and its overall service area, it PRIMARILY serves Low-Income people within the associated LITP geography (or, as a proxy, distressed areas within the relevant LITP geography, as it is likely that Low-Income people are likely to live in those parts of a community). Such information must be provided in the Source of Accountability data field in the board member's record in AMIS.
 - Include any data or back-up document(s) used in making the determination that the source of Accountability is viable.
 - Include how the data or document(s) can be accessed online, via an attachment to the application/modification request form or because the CDFI has it on file and available to be provided to the CDFI Fund upon request.
 - If the third party entity's service area is broader than the geography associated with the relevant LITP Target Market component, evidence that the entity focuses on the LITP within the relevant geography must be provided.
- Evidence that a third party entity PRIMARILY serves the LITP within the associated LITP geography includes, but is not limited to:
 - The entity's mission indicates a focus on Low-Income people (or, as a proxy, that it focuses on distressed communities) and that the entity's service area is primarily focused on some or all of the relevant LITP geography. This requires documentation of the entity's mission and of its service area (e.g., a link(s) to the entity's webpage where the mission and/or service area information shows).
 - If the entity primarily serves distressed communities is being used as a proxy for a primary focus on the LITP, an explanation should also be included that it is likely that Low-Income individuals are the main residents of distressed areas.
 - If the third party entity's service area is broader than the geography associated with the relevant LITP Target Market component, evidence that the entity focuses on the LITP within the relevant geography must be provided.
 - Based on impact information in the entity's annual report, the entity's consumers are primarily Low-Income (or, as a proxy, they are primarily residents

of distressed communities or primarily participants in social programs that focus on the LITP). The entity's service area is primarily focused on some or all of the relevant LITP geography. This would require documentation of the entity's annual report, information about what section of the annual report contains the relevant impact information, and documentation of the entity's service area (e.g., a link(s) to the entity's webpage where the annual report and/or service area information can be found).

- If the third party entity's service area is broader than the geography associated with the relevant LITP Target Market component, evidence that the entity focuses on the LITP within the relevant geography must be provided.
- Pursuant to a letter from the third party entity's leadership on that entity's letterhead (signed by someone other than the person who is being presented for Accountability purposes), the third party entity primarily serves Low-Income people (or, as a proxy, that it focuses on distressed communities) within the relevant LITP geography.

Other Targeted Population and Accountability

The only sources of Accountability currently allowed for Other Targeted Populations (OTPs) are the following: 1) a board member is a member of the relevant population who lives or works in the associated geography or, 2) if the organization seeking to obtain or maintain the CDFI Certification is a credit union, there is Accountability via the special Accountability provision for credit unions.

- Special Accountability provision for credit unions as a source of OTP Accountability
 - If a credit union seeks to use the special Accountability provision for credit unions, provide the following information in the Source of Accountability data field in each governing board member's record in AMIS:
 - confirmation of organizational documentation demonstrating the governing board is democratically elected by the credit union membership;
 - data on the percentage of the credit union membership that is part of the relevant OTP as of the current fiscal year to date; and
 - information on how that percentage was verified.
- Qualifies as a member of the OTP and lives or works in the relevant OTP geography
 - When status as a member of the OTP that lives or works within the associated OTP geography is being used as the source of Accountability for an OTP Target Market component, provide: (1) a statement attesting that the board member is a member of the OTP, and (2) an address or census tract number for the board member's place of residence or place of employment in the Source of Accountability data field in the board member's record in AMIS.

18) What does it mean for a board member to have a conflict of interest for CDFI Certification Accountability purposes?

The CDFI Fund's conflict of interest policy, for CDFI Certification Accountability purposes, is to prevent board members with a financial interest in an organization (either directly or via a family member) from being considered accountable to any Target Market component as the financial interest may affect a board member's ability to effectively represent the interests of the Target Market.

If a governing or advisory board member has a conflict of interest, he/she should still be listed as a board member in the board record, but cannot be deemed as an accountable board member even if they have qualifications that would otherwise provide Accountability.

There is a CDFI Certification related conflict of interest if:

- 1) a board member (or any of his/her family) is a direct employee of, an owner of, or has Control over the CDFI, or of any of that group's Affiliates; or
 - 2) if a board member (or any of his/her family) is an investor in the CDFI or is an employee of, owner of, or has Control over an organization that invests in the CDFI and that investment relationship positions the board member (or any of his/her family) or the organization he/she (or any of his/her family) is employed by, owns or has Control over, to have Control over the CDFI (includes Control over the board, over policy decisions, over the day-to-day management decision, etc.).
- Control is defined by the CDFI Fund as: (1) Ownership, control, or power to vote 25 percent or more of the outstanding shares of any class of Voting Securities of any company, directly or indirectly or acting through one or more other persons; (2) Control in any manner over the election of a majority of the directors, trustees, or general partners (or individuals exercising similar functions) of any company; or (3) Power to exercise, directly or indirectly, a controlling influence over the management, credit or investment decisions, or policies of any company.
 - Affiliate is defined by the CDFI Fund as: any company or organization that Controls, is Controlled by, or is under common Control with another company.

19) When should the CDFI expect to know the final determination of their submitted cure related information?

The CDFI Fund has not set a timeframe for the review of cure submissions. Please be aware, however, that if a CDFI needs the CDFI certification cure status to be resolved in connection with the Emergency Capital Investment Program (ECIP) or any CDFI Fund awards, the reviews will be prioritized.

When the CDFI submits the information so the CDFI Fund can determine if it has resolved its CDFI certification cure-related issue(s), the CDFI Fund may request clarifying information. But if the submission is ultimately deemed insufficient to resolve the cure, the CDFI will not be allowed to make an entirely new submission.