

# All Things CDFI: Recertification, Grants and Greenhouse Gas Reduction Awards

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**CU** Strategic  
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A CALLAHAN COMPANY

**“Being A CDFI is  
WHO YOU ARE  
*NOT what you do*”**

# Agenda

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- **Recertification**
- **Grant Programs (CDFI and EPA)**



# CDFI Fund: Updated CDFI certification with new regulation released December 2023

## 12/20/2024 Due Date



**12/20/2024**

**DUE DATE**



**In  
Progress**

# What's Changing (or not) and Why

## 1. Community Development Mission Statement

- CDFI Fund wants to ensure each CDFI has a focus on community development
- CU terminology (members/FOM) collide with CDFI terminology
- **New requirement**

## 2. Transaction Level Lending Report: 60/60 analysis

- Number of and dollar amount of loans made to:
  - Low to moderate income consumers
  - Loans made to consumers in investment areas (census tracts designated by CDFI)
  - OTP - other targeted populations
  - **Requirement with changes**

# What's Changing (or not) and Why

## 3. CDFI Governance Accountability

- CDFI Fund wants to ensure each CDFI is accountable to (represents) its community
- CDFI is asking how each CDFI's governance represents its community
- **Changes in requirements**

## 4. Other compliance requirements

- 159 pages of new regulation (highlights)
- CU Strategic Planning issued 16 page questionnaire to credit unions
- **Get or Returned questionnaire Next Steps Ahead**

# 1. Community Development Mission Statement

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You must have a **qualified, board-approved** community development mission statement in place for **six months** before applying/reapplying for certification

That means currently certified credit unions should have that mission statement in place **no later than 6/20/2024** to meet the 12/20/2024 deadline

# Compliant Community Development Mission Statement

Get  
Completed in  
May 2024

## 1. Community Development Mission Statement

- BE IT RESOLVED: That the Board of Directors of XYZ Credit Union officially adopted the following Community Development Mission Statement:
- XYZ Credit Union is a community development credit union which exists: to provide the highest level of personal financial services to underbanked and underserved communities; to encourage thrift, savings, and the wise use of credit; and to increase financial education and the ability of underserved households to maintain their financial well-being thus moving them to financial sustainability.



# 2. Transaction Level Reporting 60/60

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- **Initial data submitted by credit unions to CU Strategic Planning - 1<sup>st</sup> Qtr 2024**
  - ACR numbers not same as TLR numbers
- **If Initial analysis found potential results below 60% of number of loans, 60% of dollar of loans - More analysis required**
  - Hold analysis calls on review of data with impacted credit unions
  - HMDA (Home Mortgage Disclosure Reports) are promising way towards meeting 60/60% thresholds that are required
- **Credit Unions providing specific HMDA Data as soon as possible**
- **More complete results by May/June/July**

# Why is target market lending so important for CDFI credit unions?



**CU Results Can Help Plan Your Way Forward**

# 3. CDFI Governance Accountability

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## **Accountability:**

At least 33% of the board must be "accountable" to the CDFI's target market

**OR**

CDFI CU may develop a Community Development Advisory Board of at least 5 people with 60% of the advisory board "accountable" to the target market

# 3. CDFI Governance (Board) Accountability

**Accountability:** At least 33% of the board must be “accountable” to the CDFI’s target market

Living in a low-income census tract

Being low-income themselves

Owning a small business primarily located in a low-income census tract,

Owning a small business that principally employs residents of low-income census tracts

Owning a small business that principally provides goods or services to low-income census tracts

Being an elected official primarily representing residents of low-income census tracts, **OR**

Staff member of a non-affiliated, third-party, community development mission-driven organization that primarily provides services to low-income census tracts or clients.

# 3. CDFI Governance (Advisory Board) Accountability

At least 60% of the 5 member advisory board must be “accountable” to the CDFI’s target market

Living in a low-income census tract

Being low-income themselves

Owning a small business primarily located in a low-income census tract,

Owning a small business that principally employs residents of low-income census tracts

Owning a small business that principally provides goods or services to low-income census tracts

Being an elected official primarily representing residents of low-income census tracts, **OR**

Staff member of a non-affiliated, third-party, community development mission-driven organization that primarily provides services to low-income census tracts or clients.

**One Board member  
Four community members**

# 3. CDFI Governance Accountability

Developing the way forward:

1. Complete an analysis of the CU Board  
or
2. Move directly to setting up an  
Advisory Board
3. CU Strategic Planning will assist

# 4. Other Compliance Requirements

## Recertification Questionnaire:

- CU Strategic Planning developed a 16 page compliance questionnaire for credit unions to complete and sent those out in late February to early March 2024
- CDFI Certification Compliance Report are returning to you
- Our team walks you through compliance issues for recertification

## Community Development Strategic Plan

- Requirement - we provide a template to help develop this for submission as part of recertification

## Overdraft Protection - a CDFI focus

- We know CDFI is requiring a significant review of how the ODP product is offered by CDFI credit unions.
- We will be working to review fee structure, particularly as relates to debit card

# Next Steps:

## Recertify and Next Grant Programs

- Review HMDA loan data (early May)
- Work on ODP and other outstanding compliance concerns (May/June)
- Prepare for recertification - December 20, 2024
- Consider next CDFI grant opportunities for 2025
  - FA 2025 - up to \$ 1 million award - net worth
  - Small Dollar Loan Program - up to \$300k
- **Consider EPA Greenhouse Gas Reduction Program Application**
  - Up to \$10 million grant for EV loans, solar installation, home equity lending improvements for energy efficiency
  - Net worth/Allowance for Loan Losses



# CDFI Grant Programs +

## CDFI FA Grant 2024 Class

Submission 2/15  
Awards:  
September 2024

Status with CUSP:  
Closed

## CDFI FA Grant 2025 Class

Expected Opening:  
February 2025  
Awards:  
September 2025

Status with CUSP:  
Open for Sale

## Greenhouse Gas Initiative

Expected Opening:  
July 2024

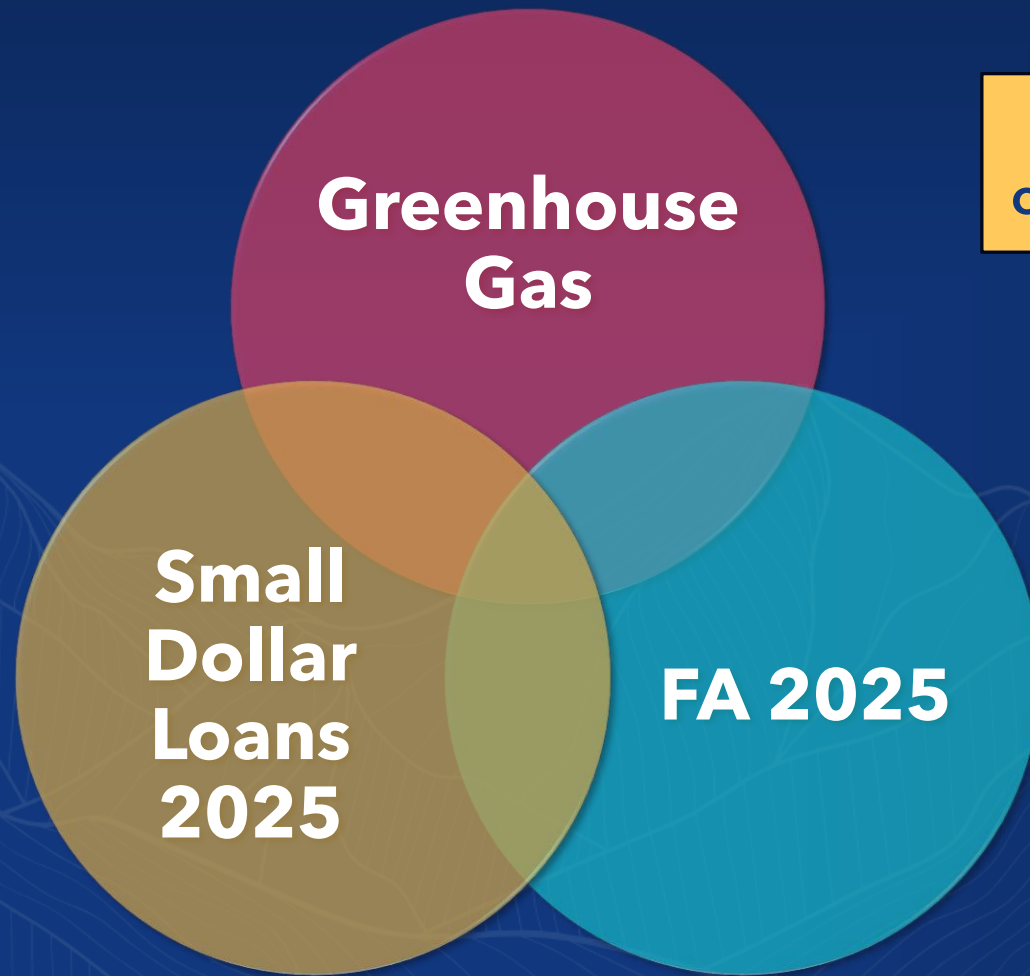
Status with CUSP:  
Open for Sale

## SDL Grant Program 2024

Opens Fall 2024  
Awards:  
Spring 2025

Status with CUSP:  
Open for Sale

# Let Us Write All Three Grants As a Package!



Contact Christopher Verdosci  
[christopherv@custrategicplanning.com](mailto:christopherv@custrategicplanning.com)

# Greenhouse Gas Reduction Fund

- EPA announced eight selections under the Greenhouse Gas Reduction Fund's National Clean Investment Fund and Clean Communities Investment Accelerator
- Three selections under the \$14 billion National Clean Investment Fund and five selections under the \$6 billion Clean Communities Investment Accelerator



# Clean Communities Investment Accelerator (CCIA) Selectees

## The Hubs and their awards:

- Opportunity Finance Network (\$2.29B)
- Inclusiv (\$1.87B)
- Justice Climate Fund (\$940M)
- Appalachian Community Capital (\$500M)
- Native CDFI Network (\$400M)



# Inclusiv's CCIA Program Parameters and Funding Ranges

Capitalization  
Funding for CU's:  
\$250K to  
\$10M max

Technical  
Assistance (TA)  
Subawards:  
\$100K to \$1M

# OFN Proposed Distribution Process

## • Utilization of Funds

- Capitalization Funding:
  - To support borrower costs, lower interest rates, waive fees, offer down payment assistance, or provide payment in lieu of tax credits
  - Capital or Loan Loss Reserves
- Technical Assistance Funding:
  - Procuring training, market analysis, and technical support
  - Hiring staff
  - Developing new financial products
  - Supporting pre-development activities, such as site and building assessments (e.g., energy audits), financial and technological feasibility studies (e.g., solar resource studies), design and engineering support, and permitting support.

Capitalization  
Funding for CUs:  
\$250K min. to \$10M  
max.

Technical  
Assistance (TA)  
Subawards:  
Ranging from  
\$100K to \$1M

**\*EPA can approve maximum CF and TA Amounts**

# Greenhouse Gas Initiatives - Our Program!

## CU Strategic Planning will:

- Identify the most successful application strategies to obtain a FY2024 (GGRF) Grant Award.
- Work on CU's behalf to complete its FY2024 Greenhouse Gas Reduction Fund (GGRF) Grant Application:
  - Providing guidance on selecting an EPA funding hub.
  - Researching community needs related to greenhouse gas mitigation, including existing infrastructure developed to reduce greenhouse gas emissions.
  - Working with Credit Union to develop GGRF-eligible projects or align existing Credit Union products with GGRF guidelines.
- Completing Credit Union's GGRF grant application, including all required written sections.
- Developing historical financial calculations and financial projections; and
- Submitting Credit Union's application, all required financials and supplemental materials (if permitted by the funding hub), or alternatively assisting Credit Union to complete the grant's submission.

**Plus Grant Reporting**

# CDFI Fund Small Dollar Loan Grant Program

Plus Grant Reporting

CU Strategic Planning is writing this CDFI Fund Program in 2025 for Loan Loss Reserves and Technical Assistance

SDL Program grants may only be used to support small dollar loan programs that offer small dollar loans to consumers that:

- Are made in amounts that do not exceed \$2,500;
- Must be repaid in installments;
- Have no prepayment penalty; AND,
- Have payments that are reported to a least one of the consumer reporting agencies that compiles and maintain files on consumers on a nationwide basis.



# Advocacy Efforts

## ADVOCACY CONNECTIONS

• CDFI EXECUTIVE DIRECTOR • SENATORS JOHN WARNER (VA) AND MIKE CRAPO (ID) • ALL 3 NCUA BOARD MEMBERS

## SUGGESTED ACTIONS FOR CDFI FUND

Open access to recertification portal AMIS to all CDFIs seeking to apply for recertification regardless of their lending numbers from 2023.

- This will allow the CDFI Fund to recognize CDFI institutions that seek recertification and analysis of the scenario posed by 2023 liquidity, interest rate scenarios and safety and soundness challenges.

Require CDFIs with lending number challenges to immediately submit 2024 numbers as a follow up (cure) to maintain their certification.

- This could be required no later than April 20, 2025.

Clarify in writing that CDFI Fund does not intend to claw back funds from CDFIs attempting in good faith to maintain required lending to their target markets.

# 1+1>2

CALLAHAN  
& ASSOCIATES

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Callahan & Associates and CU Strategic Planning have joined forces to amplify our shared vision of empowering credit unions to make a meaningful impact on their members and communities.

We're combining the strengths of both organizations, bringing together a wealth of expertise and a shared dedication to transforming the credit union movement.

All work with our clients will continue as before, and in the future we'll be able to provide the added benefit of greater value and more dynamic capabilities.

# Questions?

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