

July 13, 2026

Alexandra Smith, Acting Director, CDFI Fund
Deputy Assistant Secretary for Community and Economic Development
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Subject: The CDFI Fund's New, Five-Year Re-Certification Requirement

Dear Director Smith,

CU Strategic Planning works with CDFI certified and emerging CDFI credit unions throughout the United States. On behalf of these credit unions, I write to express our concerns regarding the new requirement in Section 5.19 of the revised CDFI Certification Agreement requiring CDFIs certified under the CDFI Fund's revised certification standards to reapply for certification every five years.

While we appreciate the CDFI Fund's commitment to ensuring that certified institutions continue to fulfill their mission, this new requirement represents a significant policy change that should have been developed through a well-communicated process. Instead, many institutions first learned of this obligation only after receiving their Certification Agreement. A change of this significance warrants public discussion and advance notice rather than being introduced through a contractual provision.

We are also concerned that a mandatory five-year recertification requirement will unnecessarily reduce the number of certified CDFIs at a time when communities continue to rely on these institutions to expand access to affordable financial services.

The most recent implementation of the revised certification standards resulted in approximately a 22 percent reduction in the number of certified credit unions listed by the CDFI Fund (between January and June). This decline was not the result of diminished commitment to community development. Rather, it reflected the increasing rigidity and administrative burden of the certification process.

Two issues have been particularly significant.

First, credit unions increasingly struggle to satisfy the requirement that both 60 percent of the number of loans and 60 percent of the dollar volume of loans be made

within the credit union CDFI's Target Market. While many credit unions consistently exceed the 60 percent threshold based on the number of loans originated, they often fall short of the dollar-volume requirement for reasons beyond their control. In many communities, the shortage of affordable housing has driven home prices to levels that place homeownership out of reach for many low- and moderate-income households. As a result, fewer low-income Target Market borrowers qualify for mortgage loans. Similarly, small business loans frequently cannot be counted as Target Market lending unless the business is located within a designated Investment Area that is included in the credit union's approved Target Market. Consequently, credit unions may be actively serving underserved communities and operating safe, diversified loan portfolios, yet still fail to satisfy the dollar-volume requirement because of market conditions and technical eligibility rules rather than any lack of commitment to community development. Ironically, these loans often represent prudent portfolio diversification that enables credit unions to continue making higher-risk loans within their Target Markets while maintaining long-term financial sustainability.

Second, the revised certification framework substantially increased the regulatory burden associated with maintaining certification. CU Strategic Planning has worked with hundreds of credit unions seeking CDFI certification. Since the adoption of the revised certification standards we have seen more than a dozen clients voluntarily decline to pursue recertification—not because they were unable to meet the underlying certification requirements, but because the administrative requirements had become excessively burdensome relative to the benefits of maintaining certification.

Adding a mandatory five-year recertification requirement compounds these concerns. It creates another layer of regulatory compliance for institutions that are already subject to extensive federal oversight and annual CDFI reporting requirements. This additional burden appears inconsistent with the Administration's broader commitment to reducing unnecessary regulation, improving government efficiency, and eliminating requirements that impose costs without producing corresponding public benefits.

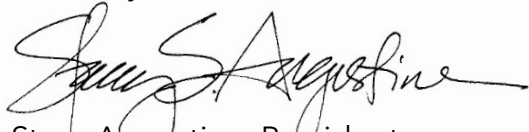
From a practical standpoint, it is also unclear what information would be obtained through a five-year recertification process that could not instead be collected through the CDFI Fund's existing annual certification reporting. If a certified institution no longer satisfies the statutory or regulatory requirements for certification, the Fund already possesses mechanisms to identify and address those issues through ongoing oversight. Requiring every certified institution to undergo a complete recertification every five years appears to duplicate existing reporting processes without materially improving program integrity.

Accordingly, we respectfully request that the Department eliminate the mandatory five-year recertification requirement. The CDFI Fund should instead continue relying on annual reporting and targeted oversight to verify ongoing compliance, reserving recertification only for circumstances in which there is a demonstrated need to reassess an institution's eligibility.

Reducing unnecessary administrative burdens will allow certified CDFIs to devote more of their resources to what Congress intended—expanding responsible lending, investing in underserved communities, and leveraging federal resources to create lasting economic opportunity.

Thank you for considering these comments. We appreciate your continued leadership and welcome the opportunity to discuss these recommendations further.

Sincerely,

A handwritten signature in black ink, appearing to read "Stacy Augustine", written in a cursive style.

Stacy Augustine, President
CU Strategic Planning