



January 27, 2023

Jodie Harris, Director
CDFI Fund
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

RE: Annual Certification and Data Collection Report Form and the Abbreviated Transaction Level Report (OMB Control Number 1559-0046)

Dear Director Harris:

The Michigan Credit Union League (MCUL) is a statewide trade association representing 100% of the 198 state- and federally chartered credit unions located in Michigan and their 5.8 million members. As of the most recent published list¹ (1/18/23), the state of Michigan is home to 26 CDFI-certified credit unions, accounting for approximately 60% of all certified institutions in the state, 13% of credit unions located in the state and representing one fifth of all state credit union members². On behalf of our members, in particular our 26 CDFI members, we thank you for the opportunity to comment on the Notice and Request for Public Comment regarding the Annual Certification and Data Collection Report Form and the Abbreviated Transaction Level Report.

We here at the MCUL have written the Fund twice in the recent months, regarding the CDFI Certification Application³ as well as CDFI Target Market Assessment Methodologies⁴. We appreciate the recent announcement⁵ that the Fund has taken the comments submitted by us and our industry colleagues to allow additional time for consideration of the proposed Certification Application changes. As an association representing mission-based, not-for-profit entities, the League acknowledges and applauds the great work the Fund is engaging in and our member credit unions continue to welcome the opportunities available to partner with the Fund to deliver much needed products and services to the underbanked. In the recent announcement, the Fund acknowledged that the proposed changes to the Annual Certification and Data Collection Report (ACR) and the new abbreviated Transaction Level Report (TLR) both coincide with the proposed updates to the Certification Application. As such, we urge the CDFI to review both current and recently submitted comments in aggregate to ensure that our CDFI credit unions have the continued ability to serve their local communities in a safe and sound manner, in compliance will all applicable federal laws and without undue or unnecessary burden.

Key Recommendations

- Given the proposed ACR and TLR coincide with the proposed updates to the Certification Application, it is no surprise that the challenges addressed and recommendations made in

¹ https://www.cdfifund.gov/sites/cdfi/files/2023-01/CDFI_Cert_List_01_18_2023_Final_0.xlsx

² Approx. 1.2 million members of a total of approx. 5.9 million

³ https://www.mcul.org/News?article_id=31481

⁴ https://www.mcul.org/News?article_id=31481

⁵ <https://www.cdfifund.gov/news/501>

previous comments also apply here. Our previous comments noted several instances where compliance with the CDFI proposals will likely place credit unions in a noncompliant position with federal consumer protection and privacy laws. In much the same vein, the ACR and TLR proposals present a very similar challenge, particularly as it relates to protecting personally identifiable information (PII) and ensuring compliance with data privacy and security. For example, while the Fund has ensured address data for loans made to individuals will not be saved, the Fund is also requiring the inclusion of latitude and longitude geocoordinates, which is as equally as identifiable as physical addresses are, undermining the desired security measures. The fund should not be collecting any PII and should ensure that reports don't allow for PII submission, accidental or otherwise.

- Our previous comments can also be applied to specific asks within the provided ACR instructions. For example, previous comments noted that several of the proposed changes are better suited for loan funds, not for depository institutions that offer a wide range of products to consumers across multiple geographic locations. In the provided ACR instructions, the Fund asks CDFI's to tie their Developmental Services focus to specific financial products. While such a requirements suits the operations of a loan fund, for depository institutions, such a requirement does not make sense, as credit unions do not provide just one product and, instead, provide hundreds of products that consumers can pick and choose at their leisure. The Fund should eliminate this requirement for depository institutions.
- The Fund has made efforts to ensure many of the fields on the new forms are pre-populated, as the information is available; however, there is still room for additional pre-populated data to be included, in particular: publicly available data reported via quarterly NCUA Call Reports. Comments submitted by Inclusiv detail multiple instances where requested fields could be populated by call report data. We include these instances by reference. The Fund should seek to maximize the availability of pre-populated fields, particularly when those fields are already being reported to the NCUA.
- The Fund appears to be issuing new, critical policy statements regarding cure periods for failures to meet target market requirements via the ACR instructions. This policy establishes a cure standard that did not exist prior and such a policy statement will have profound effects on decision making processes going forward. As such, this policy should be subject to an appropriate public comment process. We urge the fund not to issue new policy via ACR instructions and, instead, define cure standards via rulemaking procedure and allow for public comment.

We greatly appreciate the programs the Fund offers, and we thank you for the opportunity to comment on the proposed changes. We urge the fund to consider the comments provided by both CUNA and Inclusiv, as well as our own, to make appropriate alterations that ensure credit unions are not disproportionately affected in their capacity to serve their communities.

Sincerely,



Patty Corkery
President & CEO, MCUL