UPDATE FROM CDFI FUND DIRECTOR JODIE HARRIS: CDFI FUND EXPANDS TARGET MARKET ELIGIBILITY FOR PAYROLL PROTECTION PROGRAM LENDING

Wednesday, December 9, 2020

As we enter December and the end of 2020 approaches, I and the Community Development Financial Institutions Fund (CDFI Fund) team hope that you, your family, and your colleagues are healthy and keeping safe during the holiday season.

As you all know, the end-of-the year brings with it a host of professional responsibilities and obligations. For many Certified Community Development Financial Institutions (CDFIs), this means an upcoming fiscal year-end, and with it, a forthcoming submission of the required Annual Certification and Data Collection Report (ACR). All Certified CDFIs must submit the ACR annually – and attest to meeting the 60% Target Market threshold – in order to maintain their Certification.

The CDFI Fund has heard from organizations with compliance and reporting concerns throughout this year, and my team has worked to provide thorough consideration of every request. These have included concerns from CDFIs that have diligently delivered resources to low-income and underserved communities impacted by the COVID-19 pandemic and its resulting economic impact.

Among them are more than 300 CDFIs that participated as lenders under the Payroll Protection Program (PPP)—as authorized in sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (Pub. L. 116-136; CARES Act)—making 114,717 loans for a total of $7.5 billion. PPP loans were designed to provide a direct incentive for small businesses to keep their employees on their payroll.

The CDFI Fund recognizes the importance of CDFI participation in PPP, especially during this time of crisis when low-income and economically underserved populations have been overlooked by mainstream lenders. CDFIs were the 'lenders of last resort' for many small businesses that lacked access to traditional banks and financial institutions, providing loans to small business owners and entrepreneurs in areas with few to no other options.

The CDFI Fund also understands that the emergency nature of loans provided under the PPP may have temporarily distorted the proportion, in dollar and/or number, of Financial Products some CDFIs provided to their identified Target Market(s). In consideration of this, and consistent with the mission of CDFIs, the CDFI Fund will allow all PPP loans originated in any Eligible Market[1]—including those outside of a CDFI's approved Target Market(s)—during calendar year 2020 to be treated as Target Market activity for the purposes of recertification, without the need for a Target Market modification.

Specific guidance will be provided for certification and compliance purposes and available on the CDFI Fund website within the next two weeks. Questions regarding CDFI Certification, compliance or program requirements may be directed to the CDFI Fund by e-mail to ccme@cdfi.treas.gov; via an AMIS Service Request; or by phone to (202) 653-0423.

The CDFI Fund extends its best wishes to the entire CDFI community during the holiday season.

[1] Eligible Market is defined as (i) a geographic area meeting the requirements set forth in 12 CFR 1805.201(b)(3)(ii), or (ii) individuals that are Low-Income, African American, Hispanic, Native American, Native Hawaiians residing in Hawaii, Alaska Natives residing in Alaska, or Other Pacific Islanders residing in American Samoa, Guam or the Northern Mariana Islands.

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