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December 19, 2022

Jodie Harris, Director  
Community Development Financial Institutions (CDFI) Fund  
Departmental Offices, Department of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

**Re: Public Comment on CDFI Certification Target Market Assessment Methodologies (Federal Register Document 2022-22767)**

Dear Director Harris and CDFI Fund staff:

The Native CDFI Network (NCN), the largest and only national membership organization solely dedicated to serving and supporting Native community development financial institutions (CDFIs), welcomes this opportunity to provide comment on the [CDFI Certification Target Market Assessment Methodologies \(FR Doc. 2022-22767\)](#). NCN's comments were developed through extensive consultation with and input from NCN's member Native CDFIs and other key Indian Country stakeholders, including findings derived from a survey of Native CDFIs eliciting their perspectives regarding the CDFI Fund's questions on the proposed pre-approved list of Target Market assessment methodologies (TMAMs). The comments are formally supported by the XX co-signatory organizations listed at the end of this document, and build upon the [formal comments](#) NCN recently submitted on the CDFI Certification Application.

**The Vital Role Native CDFIs Play**

As the CDFI Fund explains on its website, Native CDFIs' origins can be traced to the 1994 Congressional legislation authorizing the Fund's creation, which contained among its provisions the mandating of a study examining lending and investment practices in Native communities.<sup>1</sup> Titled the Native American Lending Study, the study identified 17 major barriers to investment in Indian Country, and "affirmed the importance of developing Native CDFIs to play a key role in the broader effort to lead Native Communities into the nation's economic mainstream."<sup>2</sup>

In the two decades since the study's release, Native CDFIs have proven themselves vital engines for fueling the growth of healthy, vibrant Native economies and communities. In the CDFI Fund's own words, Native CDFIs are "an important part of the CDFI Fund's mission to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States," and they are making a "considerable impact" by "helping to transform their communities. They are creating businesses and jobs in places that desperately need them. They are providing personal financial education and business training to persons who have been excluded from our nation's economic mainstream. They are helping to change the lives of the people they serve."<sup>3</sup> In short, Native

<sup>1</sup> <https://www.cdfifund.gov/programs-training/programs/native-initiatives>

<sup>2</sup> [https://www.cdfifund.gov/sites/cdfi/files/documents/cdfi7205\\_fs\\_ni\\_updatedfeb20.pdf](https://www.cdfifund.gov/sites/cdfi/files/documents/cdfi7205_fs_ni_updatedfeb20.pdf)

<sup>3</sup> <https://www.cdfifund.gov/sites/cdfi/files/documents/native-american-strategic-plan.pdf>, PDF p. 3.

CDFIs epitomize what the CDFI Fund sees as the hallmark for CDFI certification: “those working at the margins and beyond to consciously and deliberately make impact.”<sup>4</sup>

Despite the extraordinary economic progress certified and emerging Native CDFIs are cultivating across Indian Country through their deep knowledge of tribal nations and tribal trust lands as well as their intimate understanding of the unique needs of the communities they serve and the customized programs and products they create to address those needs, there still exist significant unmet needs for capital, credit, training, technical assistance, and financial capability building across Native communities. Simply put, as Treasurer of the United States Lynn Malerba declared at NCN’s recent 2022 Annual Policy and Capacity Building Summit, “We need more Native CDFIs, not fewer.”<sup>5</sup> Indian Country needs *more* Native CDFIs that can achieve and retain Treasury certification and the access to capital and credit that certification unlocks for them, *not less*. While the overall number of certified CDFIs has grown exponentially from less than 200 in 1997 to more than 1,400 institutions in 2022 – which the CDFI Fund cites as a major reason for the timing and nature of the proposed changes to the CDFI Certification Application and policies – Indian Country has experienced only modest growth, with the number of certified Native CDFIs growing from 50 in 2008 to just 64 currently.<sup>6</sup> This despite the fact that there are 574 federally recognized tribal nations spread across 36 states.

### **NCN’s Position on the Target Market Assessment Methodologies**

NCN appreciates the CDFI Fund’s stated goal to “increase transparency and reduce burden” through a revised CDFI Certification Application that in part will feature “a list of pre-approved Target Market assessment methodologies that Applicants and Certified CDFIs may use and rely upon to demonstrate that they are serving their identified Target Market(s).”<sup>7</sup> Below, NCN shares its position on the proposed TMAMs through its answers to certain questions of particular concern to Native CDFIs that have been posed by the CDFI Fund:

*h. Current standards for identifying members of a Native American and Native Alaskan OTP include an assessment that an individual has “maintained Tribal affiliation or community attachment.” The CDFI Fund’s proposed assessment methodologies state that a financing entity may assess a recipient’s Tribal affiliation or community attachment via the collection of a government-issued or tribal government-issued photo identification. Are there other methods the CDFI Fund should deem entities can use to assess such status, and in particular an individual’s “community attachment” to a Native population? What are those methods and describe them?*

NCN is deeply concerned by the troubling language contained in the Proposed Pre-Approved Target Market Assessment Methodologies section focused on the Target Market Type “OTP-Native American with maintained Tribal affiliation.” Per the proposed TMAMs, Native people (“OTP-Native American,” “OTP-Native Alaska,” and “OTP-Native Hawaiian”) are the *only* ethnic/cultural group that the CDFI Fund would require to show verifiable proof of their affiliation with one of the three OTPs listed above. All other groups (namely Hispanics, African Americans, and People with Disabilities) do not have to meet this mandate.

Singling out Native people in this way will likely constrict the ability of Native CDFIs to serve all Native clients in need of their loan products and services, which is the overarching purpose of the CDFI Fund’s Native American CDFI Assistance (NACA) Program. If the pre-approved TMAMs list were to require Native-CDFIs to collect such Tribal affiliation documents (such as a Tribal government-issued photo identification, a Tribal enrollment card, a Certificate of Degree of Indian Blood, a Tribal census document, or documents on Tribal letterhead, issued under the signature of the appropriate Tribal official) of all clients, many would not seek assistance due to the burden and level of intrusiveness involved.

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<sup>4</sup> <https://www.cdfifund.gov/node/1017926>

<sup>5</sup> NCN Annual Policy and Capacity Building Summit, Washington, D.C., December 6, 2022.

<sup>6</sup> <https://www.cdfifund.gov/sites/cdfi/files/documents/native-american-strategic-plan.pdf>, PDF p. 13. In 2008, the CDFI Fund also identified that “more than 60 organizations are at various stages of development and moving toward certification as Native CDFIs” (ibid.). Today, as mentioned above, the number of emerging Native CDFIs is far less.

<sup>7</sup> <https://www.govinfo.gov/content/pkg/FR-2022-10-20/pdf/2022-22767.pdf>, p. 63853.

Importantly, this requirement also will exact an undue burden on Native CDFIs, many of whom already operate with limited staff and bandwidth, as it will require staff to expend additional administrative time collecting, filing, collating, and reporting the Tribal or cultural affiliation of their borrowers to the CDFI Fund as a condition of Treasury certification/recertification. This also will inhibit the ability of Native CDFIs to serve Native clients in a timely and efficient fashion, as it is bound to increase processing times.

For the reasons stated above, the CDFI Fund should allow Native American, Native Alaskan, and Native Hawaiian Other Target Population (OTP) assessments to include the following methods accorded to other OTPs: (1) the individual, owner, or end-user self-reports, or (2) if the individual/owner/end-user self-report is not available, the financing entity visually assesses an individual's status as OTP-Native American/Native Alaskan/Native Hawaiian or via collection of a government-issued photo identification. These options are available for all other OTPs and should also be available to Native OTPs. Simply put, Native people – and the Native CDFIs who serve them – should be accorded the same level of trust and respect by the CDFI Fund that it accords other OTPs.

Regarding the proposed TMAMs definition for OTP-Native Hawaiians living in Hawaii and OTP-Native Alaskans living in Alaska, the CDFI Fund currently only allows Native Hawaiians and Native Alaskans living in Hawaii and Alaska, respectively, to count towards the OTP TM qualification. Consistent with OTP-Native Americans, the CDFI Fund should allow Native Hawaiians and Native Alaskans who live *anywhere in the United States* to qualify under OTP-Native Hawaiian or OTP-Native Alaskan, respectively. Just as OTP-Native Americans qualify regardless of whether they live, Native Hawaiians and Native Alaskans should be accorded the same benefit of qualification. These Native populations have been economically and financially underserved regardless of where they reside. As an example, due to colonial policies that have long forced Native Hawaiians to leave Hawaii to seek economic and job opportunities, more Native Hawaiians now live outside the state than in it. OTP-Native Hawaiians and OTP-Native Alaskans should not be treated differently than OTP-Native Americans in this regard.

*c. Are there additional assessment methodologies the CDFI Fund should consider that it may not have previously approved, but that would serve to provide sufficient confidence as to the level at which an Applicant or Certified CDFI is serving a Target Market?*

NCN takes the same position here that it took in its [August 8, 2022 letter](#) to the CDFI Fund regarding the CDFI Equitable Recovery Program (ERP) eligibility guidelines – specifically the ERP-Eligible Geographies. As we explained in that letter, it is critical that the CDFI Fund recognize federally designated service counties/service areas that encompass a significant portion of the service population (or, in this instance, “Target Market”) of many Native CDFIs across the country. For example, one Native CDFI's service area covers the entire state of Oklahoma. Meanwhile, the service area of another Native CDFI consists of 15 federally designated counties in Nebraska, South Dakota, and Iowa.<sup>8</sup> For this reason, the CDFI Fund's final pre-approved list of TMAMs should recognize and include federally designated service counties/service areas, and nothing in the pre-approved TMAMs list should inhibit or restrict in any way the ability of Native CDFIs to serve clients residing in these places.

*g. Should a Financial Product delivered to a business, not owned by a member of a Targeted Population or located in an Investment Area, that is providing jobs, products, or services to a Targeted Population or Investment Area, be deemed delivered to a Target Market? If yes, are there assessment methodologies for end users, other than those already included in the list that the CDFI Fund should consider? What are those assessment methodologies? Should approval of any such methodology associated with jobs to a Targeted Population or located in an Investment Area be dependent on standards for a livable wage or other quality job metrics?*

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<sup>8</sup> Native 360's service area aligns with the Ponca Tribe of Nebraska's Service Delivery Area, which encompasses “members of the Tribe residing in Sarpy, Burt, Platte, Stanton, Holt, Hall, Wayne, Knox, Boyd, Madison, Douglas, or Lancaster Counties of Nebraska, Woodbury or Pottawattamie Counties of Iowa, or Charles Mix County of South Dakota [who] shall be deemed to be residing on or near a reservation” (see Ponca Restoration Act, Pub. L. No. 101-484, § 5, 104 Stat. 1167 (1990); Amendment Pub. L. No. 104-109, §12, 110 Stat. 763 (1996)).

NCN's survey results on this question reveal that an overwhelming majority of Native CDFIs support the position that a loan made to a non-Native person or entity that is serving a Native CDFI's Target Market should count as a qualified loan product for said Target Market if it can be clearly demonstrated that the end beneficiary is Native people or Native communities (for example, a grocery store, affordable housing development project, or childcare center that is going to primarily serve Native people but that is majority-owned by non-Natives), especially if made on or near Native communities.

## **Closing**

Based on NCN's answer to question "h" above as well as the major concerns raised in its December 5, 2022 comment letter on the CDFI Certification Application, we respectfully request the Fund not finalize the CDFI Certification Application and pre-approved TMAMs list until the significant issues particular to Native CDFIs are addressed through direct consultation between the Department of the Treasury/CDFI Fund and Native CDFIs. To that end, we call upon the Treasury and the CDFI Fund to convene a formal listening session on the CDFI Certification Application and Target Market Assessment Methodologies with all due haste. This listening session should include Native CDFI leaders, key Treasury and CDFI officials, and high-ranking representatives of other key federal agencies (notably the Department of the Interior and USDA) who have a vested interest in ensuring that federal funding and programs supporting Native CDFIs and Indian Country community and economic development broadly is in coordinated alignment, not direct conflict. This approach to meaningful consultation hopefully will lead to a new CDFI Certification Application, pre-approved TMAMs list, and related policies that support Native CDFIs and don't stand in their way.

We appreciate the CDFI Fund's dedication to the work Native CDFIs do, and we look forward to continuing to work with the Fund to ensure that the new CDFI Certification Application and Target Market Assessment Methodologies explicitly enhance the ability of Native CDFIs to secure investment capital and do difference-making work in support of Native communities across the country.

Sincerely,

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