



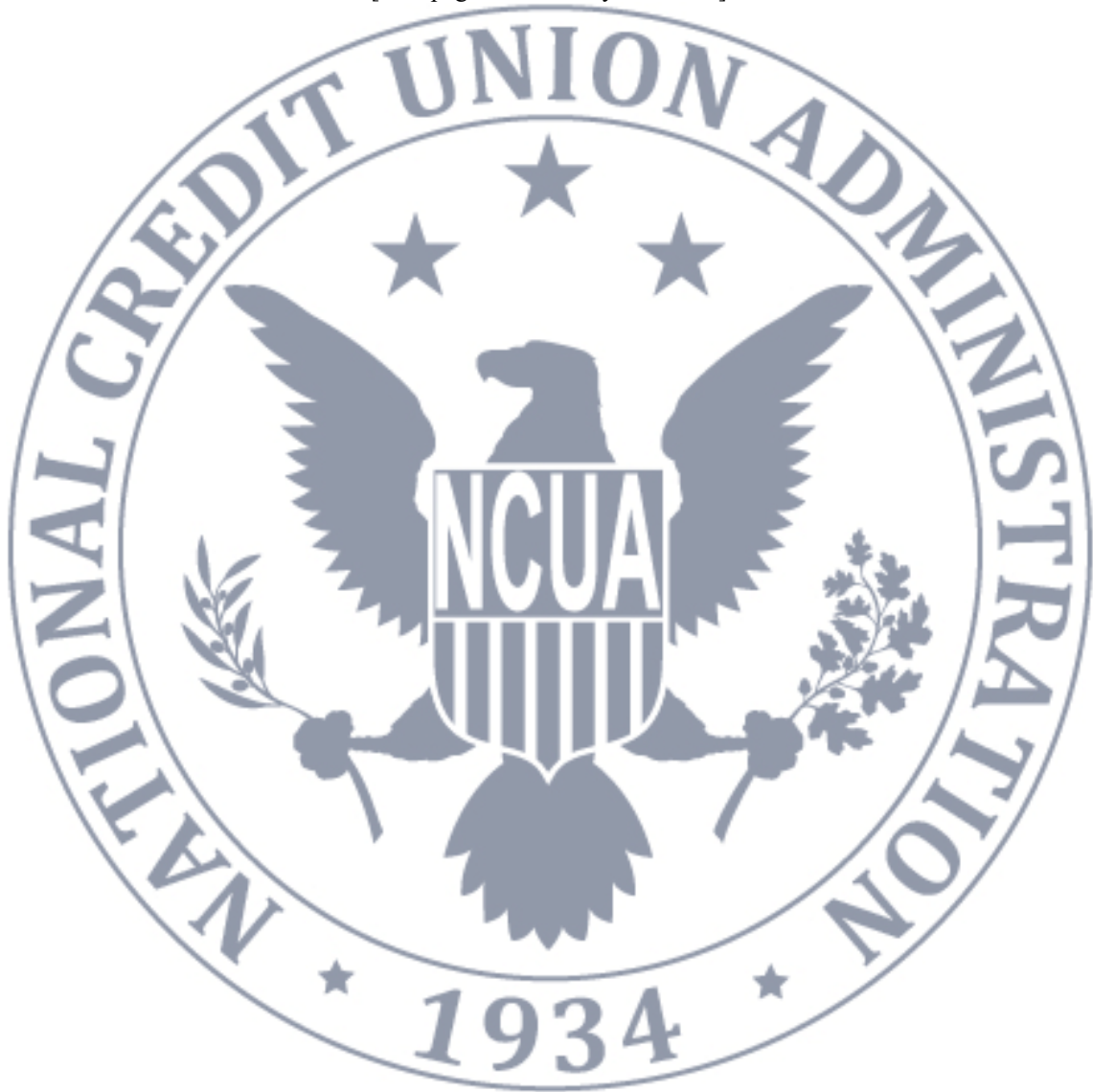
**NCUA**  
National Credit Union Administration

# Qualification Process to use the Streamlined CDFI Certification Application

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March 15, 2020

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## Program Guide

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## Overview

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In 2016, the NCUA and the Community Development Financial Institutions Fund developed a joint initiative to streamline the qualification and application process for low-income credit unions interested in obtaining the CDFI certification.<sup>1</sup> The Office of Credit Union Resources and Expansion (CURE) administers the qualification process for this initiative.

A CDFI certification is the U.S. Department of the Treasury's recognition of specialized financial institutions serving low-income communities. The CDFI certification is conferred by the CDFI Fund on organizations that meet a specific set of requirements.<sup>2</sup>

Having the CDFI certification opens a window of opportunity for CDFIs through a variety of programs. For example, a CDFI-certified credit union may apply for technical assistance and competitive financial awards, up to \$125,000 and \$2 million respectively. These awards enable your credit union to finance a wide range of activities—including mortgage lending for first-time homebuyers, flexible underwriting for community facilities, and commercial loans for businesses in low-income areas — that enhance the credit union's capacity to provide underserved communities with access to safe, higher quality financial services. The CDFI certification can also benefit credit unions through other indirect awards and programs.

During the qualification process, the NCUA analyzes a credit union's lending activities, among other indicators. This analysis determines whether your credit union is a strong candidate to use the streamlined CDFI certification application. To participate in the qualification process, credit unions must provide the NCUA with a defined set of loan information to analyze. If the results of your credit union's analysis satisfies the qualification criteria, then your credit union will be allowed to use the streamlined certification application. The NCUA will provide qualified credit unions with the necessary information to complete and submit the streamlined certification application to the CDFI Fund. The CDFI Fund is the sole authority of your credit union's CDFI certification status.

This program guide will provide credit unions with relevant information and instructions to participate in this program. Credit unions will learn how to complete and submit a Participation Form during one of the program intake periods.

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<sup>1</sup> Joint Initiative Press Release: <https://www.ncua.gov/newsroom/Pages/news-2016-jan-community-development-financial-institutions.aspx>

<sup>2</sup> CDFI Certification Eligibility Requirements: <https://www.cdfifund.gov/programs-training/certification/cdfi/Pages/default.aspx>



## Qualification Process Intake Periods

The qualification process includes two intake periods throughout the year. Credit unions that are interested in participating in this initiative may take part when one of the intake periods is open. Each credit union may only participate once a year. The intake periods for the calendar year 2020 are listed in Table 1.

<b>Table 1. 2020 Intake Periods</b>		
<b>Period #</b>	<b>Start Date*</b>	<b>End Date*</b>
1	Sunday, March 29	Saturday, May 31
2	Sunday, September 13	Saturday, October 17

\*Each Intake Period will start at 9 a.m. Eastern and close at 11:59 p.m. Eastern.

## Program Lifecycle

The steps involved with each phase of the program lifecycle follows a linear path that includes action steps to be completed by the credit union, the NCUA, and the CDFI Fund. The program lifecycle consists of two phases. The first phase is the qualification process and the second phase is the streamlined certification application process. The specific action steps along each phase is explained in Table 2 and 3.

1. **Qualification Process:** Establishes whether a credit union is qualified to use the streamlined certification application. The NCUA will determine whether your credit union can use the streamlined certification.
2. **Streamlined Certification Application Process:** Establishes whether a credit union meets specific criteria to become a CDFI. The CDFI Fund will determine whether your credit union will receive the CDFI certification.

The credit unions that do not qualify to use the streamlined certification application should explore using the [standard application](#) or participate in the qualification process intake period during the next calendar year. Credit unions that qualify to use the streamlined certification application will proceed to phase 2.

<b>Table 2: Phase 1 – Qualification Process</b>		
<b>Credit Union Actions</b>	<b>Lifecycle Steps</b>	<b>NCUA Actions</b>
	Announcement of the CDFI Certification Intake Round	The NCUA formally announces the program intake periods and publishes the CDFI Certification Program Guide.
Interested credit unions	Review Program Guide	



**Table 2: Phase 1 – Qualification Process**

Credit Union Actions	Lifecycle Steps	NCUA Actions
will review the instructions in the program guide to participate in the qualification process.		
Credit unions will submit the required data along with a Participation Form to the NCUA.	Consolidate Loan Data and Submit it with the Participation Form	
	Analyze the Submission	The NCUA will analyze the credit union's loan data, products and services, and other indicators from the submission to determine the credit union's qualification status.
	Notice of Analysis Results and Qualification Status	When the analysis has been completed, the NCUA notifies credit unions whether or not they qualify to use the streamlined certification application.

**Table 3: Phase 2 – Streamlined Certification Application Process**

Credit Union Actions	Lifecycle Steps	CDFI Fund Actions
Qualified credit unions will retrieve documentation that is provided by the NCUA and begin completing the streamlined certification application.	Retrieve Documentation Provided by NCUA	
After retrieving the documentation, credit unions must complete and submit the streamlined certification application to the CDFI Fund through	Complete and Submit Streamlined CDFI Certification Application through AMIS	



<b>Table 3: Phase 2 – Streamlined Certification Application Process</b>		
<b>Credit Union Actions</b>	<b>Lifecycle Steps</b>	<b>CDFI Fund Actions</b>
AMIS.		
	Review Streamlined CDFI Certification Application	After credit unions submit an application, the CDFI Fund will begin processing and reviewing the streamlined certification application submission.
	Notice of CDFI Certification Determination	When the application review is complete, the CDFI Fund will determine the credit union’s certification status and will notify the credit union of its decision. .

## Program Details

Specific details about this program will be explained in this section. This section is divided into four subsections using a Q&A format to help facilitate a better understanding for interested credit unions. The subsections include eligibility and general requirements, data requirements, loan analysis, and the results of the loan analysis.

### Eligibility and General Requirements

**1. Who is eligible to participate?**

To participate in the qualification process, a credit union must meet ALL of the following requirements:

- Is federally insured through the NCUA;
- Has a low-income designation granted by the NCUA or a similar state designation confirmed by the NCUA; and
- Provide at least one of the following programs and services to its members:
  - Financial counseling,
  - Financial education,
  - Financial literacy workshops,
  - In-school branches, or
  - A first-time homebuyer program.



## 2. Do I need to contact my examiner to participate?

No. Contacting your examiner is not required. However, it is encouraged to communicate your plans to participate in this program with your examiner because there is a component of the loan analysis that relies on validated information from the 5300 Call Report.

## 3. What other requirements do I need participate in the program?

To participate in the qualification process, credit unions must complete and submit the following items to the NCUA during one of the program intake periods:

- Participation form that's available online at NCUA's CyberGrants web page; and
- Your Loan file as an excel spreadsheet with all of your credit union's 2019 loan originations.

The other subsections provide specific instructions on how to submit the loan file and complete the Participation Form.

## Data Requirements

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## 4. What type of data do I need to provide to the NCUA?

Credit unions must provide two types of data during the qualification process. The first type is the credit union's organization information and the second is the credit union's loan information. Below is a description of each data type.

- **Organization Information:** Basic and easy-to-find information. Includes the type products and services being offered by the credit union, and the names of members on the credit union Board of Directors. This information must be provided through the Participation Form.
- **Loan Information:** Fairly simple information to obtain. Includes a defined set of loan details about all of the credit union's 2019 loan originations. The challenging part of compiling this data depends on the credit union's data service provider. The following questions in this subsection will explain how this information must be provided to the NCUA.

## 5. Which details from the credit union's loan data are required for the loan analysis?

Credit unions must provide the NCUA with a loan file that includes all loans that were originated during the previous calendar year (January 1 through December 31, 2019). The loan file only needs to include details about the loan components listed in Table 4.





Keep in mind that the total number and dollar amount of loans in your file should be comparable to the total number and dollar amount of loans granted year-to-date in your 5300 Call Report for the period ending December 31, 2019. If there are any significant differences (+/- 5 percent), please provide an explanation describing the differences in the Participation Form.

**Table 4. Required Loan Data Details**

Field Name	Field Description
Mailing Street Address	Member's address of record. Please obtain a physical address for member records that have P.O. Boxes as the address. The loan analysis tool does not recognize P.O. Boxes. Including P.O. Boxes will have an undesirable impact on the analysis results. Format examples are: "Number and Name of Street".
City	City associated with the mailing street address.
State	State associated with the mailing street address.
Zip Code	Zip code associated with the mailing street address. Do not include a hyphen if the four-digit extension is included.
Date of Loan	Date the loan was originally granted. Format date as MM/DD/YYYY
Loan Amount	Dollar amount advanced to the member. <sup>3</sup>

**6. How should I prepare the loan file and what is the required format to submit it?**

The loan file must be prepared according to the data layout in Table 5. The layout for the loan file is similar to the layout of the "AIRES loan file" that a credit union imports during an examination. The main difference is that the loan file for this analysis should only include six of the data fields.

In addition, the loan file must be submitted in the Excel spreadsheet format (.xls or .xlsx). If you need assistance preparing your loan file in this format, please use CURE's loan file template<sup>4</sup>.

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<sup>3</sup> For the number of loans, count each line of credit as a single loan granted if one or more advances were made on that line year-to-date, even if it is an existing line of credit approved in a previous year. For all other loans, report each new loan or refinanced loan as a loan granted. The dollar amount should include all new advances on lines of credit and all balances which were refinanced.

<sup>4</sup> CURE's Loan File Template:

<https://www.cybergrants.com/ncua/cdfi/Loan.File.Submission.Template.xlsx>



**Table 5. Data Layout for Loan File**

Mailing Address	City	State	Zip Code	Date of Loan	Loan Amount
1775 Duke Street	Alexandria	VA	22314	03/15/2019	500.00
1234 Duke Street	Arlington	VA	22314	06/10/2019	450.00

**7. How should I submit the loan file to the NCUA?**

Credit unions must email their loan file to [CURECDFI@ncua.gov](mailto:CURECDFI@ncua.gov) through a secured email encryption system called Zixcorp. Submitting your data securely is a priority for the NCUA; so following the email instructions on page 10 of this document is extremely important.

**8. How long does it take to complete the participation form?**

On average, it takes about 15 to 30 minutes to complete the Participation Form.

**9. How will the NCUA use the personal identifiable information (PII) of my members?**

The NCUA will not use any credit union’s PII during the loan analysis. Additionally, the NCUA will not perform a loan analysis for credit unions that submit loan files with PII data. Credit unions are responsible for removing and discarding all data in the loan file that is not listed in Table 4 and 5. The NCUA will destroy the loan file in accordance with agency policy after the loan analysis is completed.

## Loan Analysis

**10. How will the NCUA use the data in the loan file?**

The NCUA will run a series of analyses on the credit union’s loan file. The data in the file will be geocoded so the NCUA can determine whether your credit union’s aggregate loan activity in eligible Target Market counties<sup>5</sup> satisfy the qualification criteria to use the streamlined certification application. For purposes of this joint initiative, the CDFI Fund defines eligible Target Markets as one or more Investment Areas (IA) and/or Low-Income Targeted Populations (LITP).

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<sup>5</sup> Eligible Target Market counties only include the areas where a credit union has an office branch and the bordering counties to those branches.



## **11. How does this loan analysis work?**

The primary function completed during the loan analysis is the geocode analysis (also referred to as target market analysis). The geocode analysis is the leading indicator of a credit union's likelihood to obtain the CDFI certification through the streamlined application. This is why it is important to follow the instructions provided in the Data Requirements subsection when preparing the loan file. The loan analysis tool will not properly geocode any loan transactions with a P.O. Box number listed as the mailing address. Providing a physical address with the corresponding city, state, and zip code will ensure that the geocode analysis precisely depicts your credit union's loan activity in eligible Target Markets.

## **Results of the Loan Analysis**

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### **12. What do the results of the loan analysis mean?**

The results of the loan analysis only measures a credit union's suitability to use the streamlined certification application. It does not a measure whether your credit union is suitable for the CDFI certification because the standard certification application allows credit unions to choose a broader range of Target Market options.

### **13. What is the qualification criteria for the loan analysis results?**

At least 60 percent of a credit union's loan originations (both the number of loans and dollar amount) must be directed to eligible Target Market counties to satisfy the qualification criteria.

### **14. How and when will credit unions be notified of their qualification status?**

The NCUA will notify credit unions about their qualification status by email. A summary of the credit union's loan analysis results will be included in the email. CURE will aim to send the notifications within 3 weeks of the intake period end date. CURE may notify credit unions of their qualification status earlier or later depending on the circumstance.

## **Participation Form Instructions**

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This section provides step-by-step instructions to complete the Participation Form and submit the loan file. Before proceeding, please ensure the following activities are completed.



1. Prepare the loan file in accordance with the data layout in Table 5 (page 8).
2. Create an account through the NCUA's secure and encrypted email solution, Zixcorp. <https://web1.zixmail.net/s/login?b=ncua>

## Step 1

Email the loan file to [CURECDFI@ncua.gov](mailto:CURECDFI@ncua.gov) using the following message template for the subject line and body. Please ensure you are sending the message through ZixCorp's secure solution.

Subject: Streamlined CDFI Certification Qualification Process – Loan File

Body: Charter Number  
Credit Union Name  
Point of Contact Information

If you are unable to successfully register with ZixCorp, please contact CURE at [CURECDFI@ncua.gov](mailto:CURECDFI@ncua.gov).

## Step 2

Complete the online Participation Form. To access the form, open the URL link below to register or sign-on to the NCUA's CyberGrants system. The electronic form will be available on the homepage once you sign-on. You will receive an automated message by email that confirms the Participation Form has been successfully submitted. If you have any issues, please contact our office at [CURECDFI@ncua.gov](mailto:CURECDFI@ncua.gov).

**[Participation Form - Qualification Process for the Streamlined CDFI Certification](#)**

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