

NCUA-CDFI FUND CERTIFICATION INITIATIVE

Frequently Asked Questions

1. What is the Community Development Financial Institution certification?

The Community Development Financial Institutions Fund, a department of the U.S. Treasury, designates organizations that provide financial services to low-income communities and to people who lack access to financing as Community Development Financial Institutions.

CDFIs are eligible to apply for technical assistance and financial assistance awards from the CDFI Fund and training provided through its Capacity Building Initiative. The Fund's awards can enable CDFIs 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.

2. How does an organization become CDFI-certified?

To become a CDFI, your credit union must meet the eligibility requirements and submit an application.

ELIGIBILITY REQUIREMENTS:

- Be a legal entity;
- Have a primary mission of promoting community development;
- Provide both financial products;
- Serve one or more defined target markets;
- Maintain accountability to a defined market;
- Provide developmental services such financial literacy training; and
- Not be controlled by governmental organizations.

A credit union has two ways to apply for CDFI certification:

- **Streamlined CDFI Certification Application for Qualifying Low-Income Credit Unions:** The streamlined process requires less documentation and analysis by the low-income credit union seeking certification. That credit union submits its AIRES data on loan originations and its target market. NCUA then analyzes the data, the credit union's products and services, and other indicators to determine its likelihood for certification. If a credit union is qualified to use this process, NCUA will provide an application form and data to complete the application for certification, which the

credit union then submits to the CDFI Fund for a certification decision. You may obtain more details and instructions in [NCUA's Program Guide](#).

- **Standard CDFI Certification Application:** We encourage you to use this application if your credit union does not qualify for the streamlined version. You may obtain [guidance and the application](#) from the [CDFI Fund website](#).

3. How does CDFI certification benefit a credit union?

CDFI certification allows access to:

- Direct funding through the CDFI Program,
- Training through the CDFI Fund's Capacity Building Initiative, and
- Access to funding from non-CDFI Fund sources.

You can find an overview of the CDFI designation, its benefits, and other information on the [CDFI Fund's website](#).

4. Can certain low-income-designated credit unions automatically become CDFI-certified? Will low-income credit unions get a “pass” on all or certain CDFI certification requirements?

No. Credit unions will not be automatically CDFI-certified or get a “pass” on any CDFI certification requirement. Under the streamlined application process, NCUA will provide credit unions that are preliminarily qualified with certain data the agency already collects that helps demonstrate the credit union qualifies for certification. Preliminarily qualified credit unions will need to submit this data to the CDFI Fund as part of an application for certification.

5. Isn't a NCUA low-income-designated credit union the same as a CDFI Certified credit union?

No. The NCUA low income designation and the CDFI Certification are two distinct designations conferred by separate federal agencies. The [low-income designation](#), commonly referred to as “LID,” is conferred by NCUA on federally insured credit unions that have a majority of members who are low-income. According to [NCUA Rules and Regulation 701.34](#), the definition of “low-income members” is:

...those members whose family income is 80% or less than the median family income for the metropolitan area where they live or national metropolitan area, whichever is greater, or those members who earn 80% or less than the total median earnings for individuals for the metropolitan area where they live or national metropolitan area, whichever is

greater... The term “low-income members” also includes those members enrolled as students in a college, university, high school, or vocational school.

[CDFI Certification](#) is conferred by the CDFI Fund on specialized organizations that provide financial services in low-income communities and to people who lack access to financing. You can find more information on the “[quick facts](#)” page on each designation.

6. Will NCUA be recommending that certain credit unions become certified?

No. NCUA will not recommend a credit union for certification under this initiative. NCUA will provide a preliminarily qualified credit union’s data, including the results of its analysis that helps demonstrate the credit union meets particular requirements for CDFI Certification.

7. Why are the agencies undertaking this initiative?

As regulated financial institutions, credit unions regularly provide data and information to the federal regulator. In the case of NCUA’s low-income-designated credit unions, there are qualifying similarities for both designations. Therefore, the CDFI Fund and NCUA are collaborating to minimize the redundancy of data reported to NCUA that also satisfies the data requirements for CDFI certification for certain preliminarily qualified credit unions. This will be a time and cost savings benefit both to the preliminarily qualified credit unions and to the CDFI Fund.

8. Will only those credit unions identified by NCUA be able to obtain CDFI Certification from now on?

No. A credit union that is not identified through the streamlined process may apply to the CDFI Fund under the standard application process. Refer to the [CDFI Fund’s website](#) for more information about the CDFI certification process and to download the CDFI certification application.

9. How much does it cost to apply for a CDFI certification?

There is no charge to apply for CDFI certification.

10. What is the closing date for the CDFI certification application?

There is no closing date for credit unions to submit its application for CDFI certification to the CDFI Fund. The application period is open year round.

11. Does the CDFI Fund consider a federally insured credit union's CAMEL rating as part of its eligibility requirements for a CDFI certification?

No. The CDFI Fund does not include the CAMEL rating as part of its approval criteria for certification. However, the CDFI Fund will take into consideration a credit union's CAMEL rating as well as other safety and soundness factors during its review of a CDFI grant funding application.